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28 **UNITED STATES DISTRICT COURT**

**NORTHERN DISTRICT OF CALIFORNIA**

In re WELLS FARGO & COMPANY  
SHAREHOLDER DERIVATIVE  
LITIGATION

Lead Case No. 3:16-cv-05541-JST

(Consolidated with Nos. 3:16-CV-05592;  
3:16-CV-05745; 3:16-CV-05817; 3:16-CV-  
05915; 3:16-CV-06262; 3:16-CV-06624;  
AND 3:16-CV-06631)

This Document Relates To: All Actions.

**INDEPENDENT DIRECTOR  
DEFENDANTS' ANSWER TO THE  
CONSOLIDATED AMENDED  
COMPLAINT; DEMAND FOR JURY  
TRIAL**

Defendants John D. Baker II, Elaine L. Chao, John S. Chen, Lloyd H. Dean, Elizabeth A. Duke, Susan E. Engel, Enrique Hernandez, Jr., Donald M. James, Cynthia H. Milligan, Federico F. Peña, James H. Quigley, Judith M. Runstad, Stephen W. Sanger, Susan G. Swenson, and Suzanne M. Vautrinot (the “Independent Directors”), hereby answer the Consolidated Amended Verified Stockholder Derivative Complaint (“Complaint”) of lead plaintiffs Fire and Police Pension Association of Colorado (“Colorado Fire and Police”) and The City of Birmingham Retirement and Relief System (“Birmingham”) (“Plaintiffs”) as follows. Paragraph numbers in this Answer correspond to the paragraph numbers of the Complaint and respond to the allegations of that paragraph, up to the Affirmative Defenses section. To the extent that the headings in the Complaint outside of the numbered allegations are intended to be allegations as opposed to mere argument, the Independent Directors deny them. To the extent the Complaint refers to “Defendants” generally and does not specify that the allegations pertain to the Independent Directors, the denials of the Independent Directors set forth below are intended to refer to the Independent Directors alone. The Independent Directors state that they are without knowledge or information sufficient to form a belief as to the truth of such allegations as they pertain to other defendants, and on that basis deny them.

1. The Independent Directors deny the allegations of paragraph 1.

2. The Independent Directors are without knowledge or information sufficient to form a belief as to the truth of the last sentence of paragraph 2, and on that basis deny that allegation and respectfully refer the Court to the public filings of Wells Fargo & Company (“Wells Fargo” or the “Company”) for reports of former CEO John G. Stumpf’s annual compensation. The Independent Directors deny the remaining allegations of paragraph 2.

3. The Independent Directors admit that the Company made certain statements that appear in the 2010 Annual Report to shareholders, but deny any characterizations of those statements, deny that paragraph 3 contains an accurate, complete, and unedited quotation of that document, deny the emphasis placed on certain portions of the quoted language in paragraph 3, and respectfully refer the Court to the Annual Report for its content. The Independent Directors deny the remaining allegations of paragraph 3.

1           4.       The Independent Directors admit that Ms. Tolstedt made certain statements that  
2 appear at the May 20, 2014, Investor Day conference, but deny any characterizations of those  
3 statements, deny that paragraph 4 contains an accurate, complete, and unedited quotation of those  
4 statements, and respectfully refer the Court to the Investor Day transcript for its content. The  
5 Independent Directors deny the remaining allegations of paragraph 4.

6           5.       The Independent Directors admit that Mr. Shrewsberry made certain statements  
7 that appear at the May 20, 2014, Investor Day conference, but deny any characterizations of those  
8 statements, deny that paragraph 5 contains an accurate, complete, and unedited quotation of those  
9 statements, and respectfully refer the Court to the Investor Day transcript for its content. The  
10 Independent Directors deny the remaining allegations of paragraph 5.

11          6.       The Independent Directors admit that cross-selling is not inherently improper and  
12 that Senator Pat Toomey made certain statements during a September 20, 2016, hearing, but deny  
13 any characterizations of those statements, deny that paragraph 6 contains an accurate, complete,  
14 and unedited quotation of those statements, and respectfully refer the Court to the hearing  
15 transcript for its content. The Independent Directors deny the remaining allegations of paragraph  
16 6.

17          7.       The Independent Directors admit that Senator Elizabeth Warren, Treasury  
18 Secretary Jack Lew, and Comptroller of the Currency Thomas Curry have been publicly reported  
19 to have made certain statements, but deny any characterizations of those statements, deny that  
20 paragraph 7 contains an accurate, complete, and unedited quotation of those statements, and  
21 respectfully refer the Court to the cited documents for their content. The Independent Directors  
22 deny the remaining allegations of paragraph 7.

23          8.       The Independent Directors deny the allegations of paragraph 8 of the Complaint.

24          9.       The Independent Directors admit that on September 8, 2016, the Los Angeles City  
25 Attorney, the U.S. Consumer Financial Protection Bureau (“CFPB”), and the Office of the  
26 Comptroller of the Currency (“OCC”) issued press releases regarding settlements or consent  
27 orders, and respectfully refer the Court to those documents for their content. The Independent  
28 Directors deny the remaining allegations of paragraph 9.

1           10.     The Independent Directors admit that Plaintiffs purport to quote from a consent  
2 order issued by the CFPB and dated on or about September 8, 2016, and consented to by the  
3 Board as it was constructed at the time, but deny any characterizations of that document, deny that  
4 paragraph 10 contains an accurate, complete, and unedited quotation of the statement, and  
5 respectfully refer the Court to that document for its content. The Independent Directors are  
6 without knowledge or information sufficient to form a belief as to the truth of the remaining  
7 allegations of paragraph 10, and on that basis deny them.

8           11.     The Independent Directors admit that Plaintiffs purport to quote from a consent  
9 order issued by the CFPB and dated on or about September 8, 2016, but deny any  
10 characterizations of that document, deny that paragraph 11 contains an accurate, complete, and  
11 unedited quotation of the statement, and respectfully refer the Court to that document for its  
12 content. The Independent Directors are without knowledge or information sufficient to form a  
13 belief as to the truth of the remaining allegations of paragraph 11, and on that basis deny them.

14           12.     The Independent Directors admit that Plaintiffs purport to quote from a consent  
15 order issued by the CFPB and dated on or about September 8, 2016, but deny any  
16 characterizations of that document, deny that paragraph 12 contains an accurate, complete, and  
17 unedited quotation of the statement, and respectfully refer the Court to that document for its  
18 content. The Independent Directors are without knowledge or information sufficient to form a  
19 belief as to the truth of the remaining allegations of paragraph 12, and on that basis deny them.

20           13.     The Independent Directors admit that Plaintiffs purport to quote from a consent  
21 order issued by the OCC and dated on or about September 8, 2016, and that Defendants Dean,  
22 Hernandez, Milligan, Pena, Quigley and Sanger signed the consent order, but deny any  
23 characterizations of that document, deny that paragraph 13 contains an accurate, complete, and  
24 unedited quotation of the statement, and respectfully refer the Court to that document for its  
25 content. The Independent Directors deny the remaining allegations of paragraph 13.

26           14.     The Independent Directors are without knowledge or information sufficient to form  
27 a belief as to the truth of the allegations concerning the history of the L.A. City Attorney's office  
28 and on that basis deny them. The Independent Directors admit that Plaintiffs purport to

1 paraphrase a [Proposed] Stipulated Final Judgment entered into by and between Wells Fargo and  
2 the People of the State of California, and respectfully refer the Court to that document for its  
3 content. The Independent Directors deny the remaining allegations of paragraph 14.

4 15. The Independent Directors admit that the Senate Committee on Banking, Housing,  
5 and Urban Affairs and the House Financial Services Committee held hearings related to Wells  
6 Fargo on September 20, 2016, and September 29, 2016, respectively, and that Plaintiffs in  
7 paragraph 15 purport to paraphrase the Senate Banking Committee's September 2016 hearing  
8 transcript, but deny any characterizations of that hearing or its transcript, and respectfully refer the  
9 Court to the transcript for its content. The Independent Directors deny the remaining allegations  
10 of paragraph 15.

11 16. The Independent Directors admit that Defendant John G. Stumpf testified before  
12 the Senate Committee on Banking, Housing, and Urban Affairs on September 20, 2016, and  
13 before the House Financial Services Committee on September 29, 2016, and that Plaintiffs purport  
14 to quote from a transcript of a Senate Committee on Banking, Housing, and Urban Affairs hearing  
15 held on September 20, 2016, but deny any characterizations of those documents, deny that  
16 paragraph 16 contains an accurate, complete, and unedited quotation of the statements, and  
17 respectfully refer the Court to those documents for their content. The Independent Directors deny  
18 the remaining allegations of paragraph 16.

19 17. The Independent Directors admit that Plaintiffs purport to quote from a September  
20 28, 2016, Joint Letter of Senators Warren, Merkley, and Menendez, but deny any characterizations  
21 of that document, deny that paragraph 17 contains an accurate, complete, and unedited quotation  
22 of the statement, deny the emphasis placed on certain portions of the quoted language in paragraph  
23 17, and respectfully refer the Court to that document for its content. The Independent Directors  
24 deny the remaining allegations of paragraph 17.

25 18. The Independent Directors admit that Plaintiffs purport to quote from a transcript  
26 of a Senate Committee on Banking, Housing, and Urban Affairs hearing held on September 20,  
27 2016, but deny any characterizations of that document, deny that paragraph 18 contains an  
28 accurate, complete, and unedited quotation of the transcript, and respectfully refer the Court to the

1 referenced transcript for its content. The Independent Directors deny the remaining allegations of  
2 paragraph 18.

3 19. The Independent Directors admit that Plaintiffs purport to quote from a transcript  
4 of a Senate Committee on Banking, Housing, and Urban Affairs hearing held on September 20,  
5 2016, and respectfully refer the Court to the referenced transcript for its content. The Independent  
6 Directors deny the remaining allegations of paragraph 19.

7 20. The Independent Directors admit that Plaintiffs purport to quote or paraphrase from  
8 a transcript of a Senate Committee on Banking, Housing, and Urban Affairs hearing held on  
9 September 20, 2016, but deny any characterizations of that document, deny that paragraph 20  
10 contains an accurate, complete, and unedited quotation of the transcript, and respectfully refer the  
11 Court to the referenced transcript for its content. The Independent Directors deny the remaining  
12 allegations of paragraph 20.

13 21. To the extent the allegations contained in paragraph 21 constitute a legal  
14 conclusion, no responsive pleading is required. The Independent Directors deny the allegations of  
15 paragraph 21.

16 22. The Independent Directors admit that Plaintiffs purport to quote from letters  
17 addressed to the Board's Audit and Examination Committee and Mr. Stumpf in September 2007,  
18 and respectfully refer the Court to the letters for their content. The Independent Directors deny  
19 that the Audit and Examination Committee received the letter, are without knowledge or  
20 information sufficient to form a belief as to whether Mr. Stumpf received it, and deny the  
21 remaining allegations of paragraph 22.

22 23. The Independent Directors admit that by at least 2008 Wells Fargo had in place an  
23 EthicsLine that employees could call to report ethics and compliance concerns to a third-party,  
24 which provided information from the calls to Wells Fargo, and that certain of those reports related  
25 to gaming. To the extent Plaintiffs purport to quote from a Wells Fargo Store Manager Incentive  
26 Plan dated January 1, 2008, the Independent Directors respectfully refer the Court to that  
27 document for its content. The Independent Directors are without knowledge or information  
28 sufficient to form a belief as to the truth of the allegations and on that basis deny the remaining

1 allegations of paragraph 23.

2 24. The Independent Directors admit that on November 26, 2008, the U.S. Department  
3 of Labor (“DOL”) found that there was reasonable cause to believe that Wells Fargo violated SOX  
4 with respect to the transfer of a certain employee from one branch to another, and that a summary  
5 description of this action was included in certain reports summarizing whistleblower actions that  
6 were distributed to the Audit and Examination Committee. To the extent Plaintiffs in paragraph  
7 24 purport to allege generally about employee communications, the Independent Directors  
8 incorporate their responses in this Answer to paragraphs 44 and 205 through 207, and to any other  
9 specific allegations in the Complaint related to such communications, and are without knowledge  
10 or information sufficient to form a belief as to the truth of allegations about employee  
11 communications not identified in the Complaint and unspecified direct contact with Defendant  
12 John G. Stumpf and on that basis deny the remaining allegations of paragraph 24.

13 25. The Independent Directors are without knowledge or information sufficient to form  
14 a belief as to the truth of the allegations and on that basis deny the allegations of paragraph 25 of  
15 the Complaint. To the extent Plaintiffs purport to paraphrase a complaint filed in 2009, the  
16 Independent Directors respectfully refer the Court to the complaint for its content.

17 26. The Independent Directors are without knowledge or information sufficient to form  
18 a belief as to the truth of the allegations and on that basis deny the allegations of paragraph 26 of  
19 the Complaint. To the extent Plaintiffs purport to paraphrase a complaint in the Northern District  
20 of California in 2010 and a *New York Times* article, the Independent Directors respectfully refer  
21 the Court to the complaint and article for their content.

22 27. The Independent Directors admit that Defendant John G. Stumpf testified before  
23 the Senate Committee on Banking, Housing, and Urban Affairs on September 20, 2016, and that  
24 Plaintiffs purport to quote from a transcript of a Senate Committee on Banking, Housing, and  
25 Urban Affairs hearing held on September 20, 2016, and respectfully refer the Court to the  
26 referenced transcript for its content. The Independent Directors deny the remaining allegations of  
27 paragraph 27.

28 28. The Independent Directors admit that certain records of the Company indicate that



1 nearly 1,000 employees in the Company's retail banking sector were terminated for improper sales  
2 practices in 2011. The Independent Directors are without knowledge or information sufficient to  
3 form a belief as to the truth of the allegations and on that basis deny the allegations of paragraph  
4 28 of the Complaint. To the extent Plaintiffs purport to paraphrase alleged branch managers'  
5 emails, the Independent Directors respectfully refer the Court to those emails for their content.

6 29. The Independent Directors admit that the Board's Audit and Examination  
7 Committee received certain high-level information on EthicsLine between 2011 and 2013, and  
8 that Plaintiffs purport to quote Defendant John G. Stumpf's testimony before the House Financial  
9 Services Committee regarding the same, but deny any characterizations of those quotations and  
10 deny that the quotations are accurate, complete, and unedited, and respectfully refer the Court to  
11 the referenced testimony for its content. The Independent Directors deny the remaining  
12 allegations of paragraph 29.

13 30. The Independent Directors admit that the Board's Audit and Examination  
14 Committee received certain information pertaining to Wells Fargo's Internal Investigations group,  
15 EthicsLine, and suspicious activity reporting from at least 2011, including that certain of the  
16 reports discussed increases in sales integrity issues; that the Risk Committee received reports from  
17 management regarding certain noteworthy risks, which later at certain times included sales  
18 conduct and practice issues affecting customers and management's efforts to address those risks;  
19 that the Human Resources Committee later at certain times received reports advising the  
20 committee that management was monitoring the sales practices issues; and that the Board at some  
21 point discussed sales integrity issues. The Independent Directors further admit that Plaintiffs in  
22 paragraph 30 purport to quote or paraphrase Defendant John G. Stumpf's and Wells Fargo's  
23 written responses to questions posed by the Senate Banking Committee, but deny any  
24 characterizations of that document, deny that the language quoted in paragraph 30 is accurate,  
25 complete, and unedited, and respectfully refer the Court to the referenced document for its content.  
26 The Independent Directors deny the remaining allegations of paragraph 30.

27 31. The Independent Directors understand that the OCC takes the position that its  
28 supervisory communications with Wells Fargo are privileged and confidential supervisory



1 information (with the privilege owned and controlled by the OCC), and that no response is  
2 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
3 paragraph 31 by stating that they lack knowledge or information sufficient to form a belief as to  
4 the truth of the allegations related to the OCC and on that basis deny them and refer to the  
5 referenced documents for their content.

6 32. The Independent Directors admit that Plaintiffs purport to quote from written  
7 testimony to the Senate Committee on Banking, Housing, and Urban Affairs, and respectfully  
8 refer the Court to the written testimony for its content. The Independent Directors are without  
9 knowledge or information sufficient to form a belief as to the truth of the remaining allegations of  
10 paragraph 32 and on that basis deny them.

11 33. The Independent Directors are without knowledge or information sufficient to form  
12 a belief as to the truth of the allegations and on that basis deny the allegations of paragraph 33 of  
13 the Complaint. To the extent Plaintiffs purport to summarize the allegations of a complaint filed  
14 in October 2012 by seven former alleged Wells Fargo employees, the Independent Directors  
15 respectfully refer the Court to the complaint for its content.

16 34. The Independent Directors are without knowledge or information sufficient to form  
17 a belief as to the truth of the allegations and on that basis deny the allegations of paragraph 34 of  
18 the Complaint. To the extent Plaintiffs purport to characterize CFPB Director Cordray's  
19 testimony to the Senate Banking Committee, the Independent Directors respectfully refer the  
20 Court to the testimony for its content.

21 35. The Independent Directors are without knowledge or information sufficient to form  
22 a belief as to the truth of the allegations and on that basis deny the allegations of paragraph 35. To  
23 the extent Plaintiffs purport to summarize the allegations of a complaint filed on October 3, 2013,  
24 by an alleged former Wells Fargo employee, the Independent Directors respectfully refer the Court  
25 to the complaint for its content.

26 36. The Independent Directors admit that Plaintiffs purport to paraphrase Wells  
27 Fargo's written responses to the Senate Committee on Banking, Housing, and Urban Affairs, and  
28 respectfully refer the Court to the written responses for their content. The Independent Directors

1 are without knowledge or information sufficient to form a belief as to the truth of the remaining  
2 allegations and on that basis deny the allegations of paragraph 36.

3 37. The Independent Directors admit that Plaintiffs purport to paraphrase and quote  
4 from a *Los Angeles Times* article dated December 21, 2013, but deny any characterizations of that  
5 article, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
6 Court to that article for its content. The Independent Directors deny the remaining allegations of  
7 paragraph 37.

8 38. The Independent Directors understand that the OCC takes the position that its  
9 supervisory communications with Wells Fargo are privileged and confidential supervisory  
10 information (with the privilege owned and controlled by the OCC), and that no response is  
11 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
12 paragraph 38 by stating that they lack knowledge or information sufficient to form a belief as to  
13 the truth of the allegations related to the OCC and on that basis deny them and refer to the  
14 referenced documents for their content.

15 39. The Independent Directors admit that Defendant John G. Stumpf addressed sales  
16 practices issues during a town hall meeting in Hollywood, Florida following the December 2013  
17 *Los Angeles Times* story.

18 40. To the extent Plaintiffs purport to paraphrase a transcript of Defendant John G.  
19 Stumpf's testimony before the House Financial Services Committee on September 29, 2016, and  
20 the *L.A. Times* article published in December 2013, the Independent Directors deny any  
21 characterizations of that transcript and article and respectfully refer the Court to the documents for  
22 their content. The Independent Directors deny the remaining allegations of paragraph 40.

23 41. The Independent Directors admit that Defendant John G. Stumpf testified before  
24 the Senate Committee on Banking, Housing, and Urban Affairs on September 20, 2016, and that  
25 Plaintiffs purport to quote from a transcript of a Senate Committee on Banking, Housing, and  
26 Urban Affairs hearing held on September 20, 2016, but deny any characterizations of that  
27 document, deny that paragraph 41 contains an accurate, complete, and unedited quotation of the  
28 document, and respectfully refer the Court to the referenced transcript for its content. The

1 Independent Directors deny the remaining allegations of paragraph 41.

2 42. The Independent Directors are without knowledge or information sufficient to form  
3 a belief as to the truth of the allegations and on that basis deny the allegations of paragraph 42,  
4 except admit that Plaintiffs purport to paraphrase a complaint filed on May 4, 2015, by the L.A.  
5 City Attorney and settlement documents dated September 2016, and respectfully refer the Court to  
6 the complaint and settlement documents for their content.

7 43. The Independent Directors admit the allegations of paragraph 43.

8 44. The Independent Directors are without knowledge or information sufficient to form  
9 a belief as to the truth of the allegations and on that basis deny the allegations of paragraph 44,  
10 except admit that Plaintiffs purport to quote from alleged letters and emails from an alleged former  
11 Wells Fargo banker and respectfully refer the Court to those documents for their content.

12 45. The Independent Directors admit that a consumer class action was filed against  
13 Wells Fargo in the Northern District of California on May 14, 2015. To the extent that Plaintiffs  
14 purport to quote from or characterize the complaint filed on that date, the Independent Directors  
15 respectfully refer the Court to the complaint for its content.

16 46. The Independent Directors admit that Wells Fargo provided information to the  
17 CFPB in June and July 2015. The Independent Directors understand that the OCC takes the  
18 position that its supervisory communications with Wells Fargo are privileged and confidential  
19 supervisory information (with the privilege owned and controlled by the OCC), and that no  
20 response is permitted or appropriate. Accordingly, the Independent Directors respond to the  
21 allegations of paragraph 46 by stating that they lack knowledge or information sufficient to form a  
22 belief as to the truth of the allegations related to the OCC and on that basis deny them and refer to  
23 the referenced documents for their content.

24 47. The Independent Directors deny the allegations of paragraph 47.

25 48. The Independent Directors admit that Plaintiffs purport to paraphrase a *Wall Street*  
26 *Journal* titled “*At Wells Fargo, Bank Branches Were Tipped Off to Inspections*,” but deny any  
27 characterizations of that document, and respectfully refer the Court to the article for its content.

28 The Independent Directors deny the remaining allegations of paragraph 48.

1           49.     The Independent Directors admit that Plaintiffs purport to quote a February 1,  
2     2017, letter from six Senate Banking Committee members, but deny any characterizations of that  
3     letter, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
4     Court to the letter for its content. The Independent Directors deny the remaining allegations of  
5     paragraph 49.

6           50.     The Independent Directors admit that certain employees were terminated during the  
7     Relevant Period but deny the remaining allegations of paragraph 50.

8           51.     To the extent the allegations contained in paragraph 51 constitute a legal  
9     conclusion, no responsive pleading is required. The Independent Directors deny the allegations of  
10    paragraph 51.

11          52.     To the extent the allegations contained in paragraph 52 constitute a legal  
12    conclusion, no responsive pleading is required. To the extent a response is required, the  
13    Independent Directors deny the allegations of paragraph 52.

14          53.     The Independent Directors admit that Wells Fargo entered into a consent order with  
15    the Board of Governors of the Federal Reserve System, and that Plaintiffs purport to paraphrase or  
16    quote from a consent order dated July 20, 2011, a press release dated July 20, 2011, and a CNN  
17    Money article dated July 20, 2011, and to quote statements attributed to Defendant John G.  
18    Stumpf, but deny any characterizations of those sources, deny that the quotations are accurate,  
19    complete, and unedited, and respectfully refer the Court to the consent order, press release, and  
20    article for their content. The Independent Directors deny the remaining allegations of paragraph  
21    53.

22          54.     The Independent Directors admit that PricewaterhouseCoopers (“PwC”) was  
23    engaged in or around August 2015 to analyze potential customer harm from potentially  
24    unauthorized accounts, and that Wells Fargo consulted with regulators concerning that  
25    engagement, and that Defendant John G. Stumpf testified before the Senate Committee on  
26    Banking, Housing, and Urban Affairs on September 20, 2016. To the extent that Plaintiffs purport  
27    to quote from a transcript of a Senate Committee on Banking, Housing, and Urban Affairs hearing  
28    held on September 20, 2016, the Independent Directors respectfully refer the Court to the

1 referenced transcript for its content. The Independent Directors deny the remaining allegations of  
2 paragraph 54.

3 55. The Independent Directors admit that PwC's findings were not publicly disclosed  
4 before September 2016. The Independent Directors deny the remaining allegations of paragraph  
5 55.

6 56. To the extent the allegations contained in paragraph 56 constitute a legal  
7 conclusion, no responsive pleading is required. The Independent Directors deny the allegations of  
8 paragraph 56.

9 57. To the extent the allegations contained in paragraph 57 constitute a legal  
10 conclusion, no responsive pleading is required. To the extent a response is required, the  
11 Independent Directors deny the allegations of paragraph 57.

12 58. To the extent the allegations contained in paragraph 58 constitute a legal  
13 conclusion, no responsive pleading is required. The Independent Directors admit that Defendants  
14 John S. Chen, Lloyd H. Dean, Enrique Hernandez, Jr., and Susan G. Swenson are residents of  
15 California and deny any remaining allegations of paragraph 58 that necessitate a response.

16 59. To the extent the allegations contained in paragraph 59 constitute a legal  
17 conclusion, no responsive pleading is required. To the extent a response is required, the  
18 Independent Directors admit that Defendants John S. Chen and Lloyd H. Dean are residents of this  
19 district and, as to other defendants, the Independent Directors are without knowledge or  
20 information sufficient to form a belief as to the truth of the allegations and on that basis deny such  
21 allegations. The Independent Directors deny any remaining allegations of paragraph 59 that  
22 necessitate a response.

23 60. To the extent the allegations contained in paragraph 60 constitute a legal  
24 conclusion, no responsive pleading is required. To the extent a response is required, the  
25 Independent Directors deny the allegations of paragraph 60.

26 61. The Independent Directors are without knowledge or information sufficient to form  
27 a belief as to the truth of the allegations of paragraph 61, and on that basis deny them.

28 62. The Independent Directors are without knowledge or information sufficient to form

1 a belief as to the truth of the allegations of paragraph 62, and on that basis deny them.

2 63. The Independent Directors are without knowledge or information sufficient to form  
3 a belief as to the truth of the allegations of paragraph 63, and on that basis deny them.

4 64. To the extent the allegations contained in paragraph 64 constitute a legal  
5 conclusion, no responsive pleading is required. To the extent a response is required, the  
6 Independent Directors deny the allegations of paragraph 64.

7 65. The Independent Directors are without knowledge or information sufficient to form  
8 a belief as to the truth of the allegations of paragraph 65, and on that basis deny them.

9 66. To the extent the allegations contained in paragraph 66 constitute a legal  
10 conclusion, no responsive pleading is required. The Independent Directors admit that the  
11 remaining allegations of paragraph 66 accurately reflect Wells Fargo's history and business as of  
12 the date the action was filed.

13 67. The Independent Directors admit that Wells Fargo merged with Norwest  
14 Corporation of Minneapolis in 1998 and Wachovia Corporation in 2008, and that a focus of Wells  
15 Fargo's business is the U.S. retail customer market. The Independent Directors are without  
16 knowledge or information sufficient to form a belief as to the truth of Plaintiffs' remaining  
17 allegations concerning Wells Fargo's history, and on that basis deny them.

18 68. The Independent Directors admit that Plaintiffs purport to quote from Wells  
19 Fargo's 2016 Form 10-Q and respectfully refer the Court to the Form 10-Q for its content. The  
20 Independent Directors are without knowledge or information sufficient to form a belief as to the  
21 truth of the remaining allegations of paragraph 68, and on that basis deny them.

22 69. The Independent Directors admit that as of the date this action was filed Wells  
23 Fargo's operating segments include Wholesale Banking, which provides financial solutions to  
24 businesses, Wealth and Investment Management, which provides personalized wealth  
25 management, investment and retirement products and services, including financial planning,  
26 private banking, credit, investment management and fiduciary services to high-net worth and ultra-  
27 high-net worth individuals and families, and Community Banking, which provides financial  
28 products and services to customers and small businesses, including checking and savings

1 accounts, credit and debit cards, auto, student, and small-business lending, investment, insurance,  
2 and trust services, and mortgage and home equity loans. The Independent Directors further admit  
3 that as of the date this action was filed Community Banking earned approximately twice the  
4 annual revenue of Wholesale Banking and more than three times the revenue of Wealth and  
5 Investment Management during the alleged Relevant Period. The Independent Directors are  
6 without knowledge or information sufficient to form a belief as to the truth of the remaining  
7 allegations of paragraph 69, and on that basis deny them.

8 70. The Independent Directors admit that Defendant John G. Stumpf served as Wells  
9 Fargo's CEO from June 2007 until he retired on October 12, 2016; as a director on Wells Fargo's  
10 Board between June 2006 and October 2016, including as Chairman between January 2010 and  
11 October 2016; as Wells Fargo's President from August 2005 to November 2015; and as its Chief  
12 Operating Officer from August 2005 to June 2007; and that Mr. Stumpf previously held various  
13 positions with Wells Fargo and its predecessors since 1982. To the extent Plaintiffs purport to  
14 paraphrase Wells Fargo's public filings concerning Mr. Stumpf's compensation, the Independent  
15 Directors respectfully refer the Court to those filings for their content. The Independent Directors  
16 are without knowledge or information sufficient to form a belief as to the truth of the remaining  
17 allegations of paragraph 70, and on that basis deny them.

18 71. The Independent Directors admit that Defendant Timothy J. Sloan has served as  
19 CEO of Wells Fargo since Mr. Stumpf's resignation; as Wells Fargo's President and COO from  
20 November 2015 to October 2016; as Senior Executive Vice President, Wholesale Banking from  
21 May 2014 to November 2015; as Senior Executive Vice President and CFO from February 2011  
22 to May 2014; and as Senior Executive Vice President and Chief Administrative Officer from  
23 September 2010 to February 2011; and that he previously held various positions with Wells Fargo  
24 or its predecessors. To the extent Plaintiffs purport to paraphrase Wells Fargo's public filings  
25 concerning Mr. Sloan's compensation, the Independent Directors respectfully refer the Court to  
26 those filings for their content. The Independent Directors are without knowledge or information  
27 sufficient to form a belief as to the truth of the remaining allegations of paragraph 71, and on that  
28 basis deny them.



72. The Independent Directors admit that Defendant Carrie L. Tolstedt served as Wells Fargo's Senior Executive Vice President, Community Banking from June 2007 to July 2016; and that she previously held various positions with the Company or its predecessors. To the extent Plaintiffs purport to paraphrase Wells Fargo's public filings concerning Ms. Tolstedt's compensation, the Independent Directors respectfully refer the Court to those filings for their content. The Independent Directors are without knowledge or information sufficient to form a belief as to the truth of the allegations concerning Ms. Tolstedt's state of citizenship and previous titles, and on that basis deny them. The Independent Directors deny the remaining allegations of paragraph 72.

73. The Independent Directors admit that Defendant John R. Shrewsberry served as Wells Fargo's Senior Executive Vice President and Chief Financial Officer from May 2014; and that he previously held various positions with the Company or its predecessors, including Head of Wells Fargo Securities. To the extent Plaintiffs purport to paraphrase Wells Fargo's public filings concerning Mr. Shrewsberry's compensation, the Independent Directors respectfully refer the Court to those filings for their content. The Independent Directors deny Plaintiffs' allegation regarding the length of Mr. Shrewsberry's employment at Wells Fargo Securities. The Independent Directors are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 73, and on that basis deny them.

74. The Independent Directors admit that Defendant Michael J. Loughlin serves as Wells Fargo's Chief Risk Officer and Senior Executive Vice President; that, as such, he oversees credit, market, operational, and compliance-related risk-taking activities; that he is the leader of the Corporate Risk group; and that he is a member of Wells Fargo's Operating and Management Committees. The Independent Directors are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 74, and on that basis deny them.

75. The allegations contained in paragraph 75 constitute a characterization of certain defined terms in the Complaint, to which no responsive pleading is required.

76. The Independent Directors admit that Defendant John D. Baker II is a citizen of Florida; has been a Wells Fargo director since January 2009; has served on the Audit and

1 Examination Committee and the Credit Committee since at least March 2010; and has served on  
2 the Corporate Responsibility Committee since January 2011. To the extent Plaintiffs purport to  
3 paraphrase Wells Fargo's public filings concerning Mr. Baker's compensation, the Independent  
4 Directors respectfully refer the Court to those filings for their content.

5 77. The Independent Directors admit that Defendant Elaine L. Chao is a citizen of  
6 Kentucky; was a Wells Fargo Director from July 2011 to January 2017; served on the Credit  
7 Committee since March 2013 and served on the Corporate Responsibility Committee from July  
8 2011 to at least March 2012; and was, on January 31, 2017, confirmed by the U.S. Senate to serve  
9 as Secretary of Transportation. To the extent Plaintiffs purport to paraphrase Wells Fargo's public  
10 filings concerning Ms. Chao's compensation, the Independent Directors respectfully refer the  
11 Court to those filings for their content.

12 78. The Independent Directors admit that Defendant John S. Chen is a citizen of  
13 California; has been a Wells Fargo director since September 2006; and has served on the Human  
14 Resources Committee since at least March 2010. To the extent Plaintiffs purport to paraphrase  
15 Wells Fargo's public filings concerning Mr. Chen's compensation, the Independent Directors  
16 respectfully refer the Court to those filings for their content.

17 79. The Independent Directors admit that Defendant Lloyd H. Dean is a citizen of  
18 California; has been a Wells Fargo director since June 2005; has served as Chair of the Human  
19 Resources Committee since at least March 2012 and on the Corporate Responsibility Committee,  
20 including as Chair, from January 2011 to at least March 2011; served on the Risk Committee  
21 beginning in January 2011; has served on the Credit Committee from at least March 2010 to at  
22 least March 2012; and currently serves on the Governance and Nominating Committee. The  
23 Independent Directors deny that Mr. Dean served on the Governance and Nominating Committee  
24 in 2012 and that he currently serves on the Risk Committee. To the extent Plaintiffs purport to  
25 paraphrase Wells Fargo's public filings concerning Mr. Dean's compensation, the Independent  
26 Directors respectfully refer the Court to those filings for their content.

27 80. The Independent Directors admit that Defendant Elizabeth A. Duke is a citizen of  
28 Virginia; has been a Wells Fargo director since January 2015; has served on the Risk Committee

1 since January 2015; and has served on the Credit Committee and Finance Committee since  
2 January 2016. To the extent Plaintiffs purport to paraphrase Wells Fargo's public filings  
3 concerning Ms. Duke's compensation, the Independent Directors respectfully refer the Court to  
4 those filings for their content.

5 81. The Independent Directors admit that Defendant Susan E. Engel is a citizen of New  
6 York; was a Wells Fargo director beginning in May 1998; and served on the Credit Committee,  
7 the Finance Committee, and the Human Resources Committee from at least March 2010. The  
8 Independent Directors deny that Ms. Engel is currently a Wells Fargo director, or that she  
9 currently serves on any Board committees. To the extent Plaintiffs purport to paraphrase Wells  
10 Fargo's public filings concerning Ms. Engel's compensation, the Independent Directors  
11 respectfully refer the Court to those filings for their content.

12 82. The Independent Directors admit that Defendant Enrique Hernandez, Jr. is a citizen  
13 of California; has been a Wells Fargo director since January 2003; has served as a member of the  
14 Risk Committee since January 2011 and beginning in 2012 was Chair of that Committee; has  
15 served on the Corporate Responsibility Committee since January 2011; has served as Chair of the  
16 Finance Committee since at least January 2011; and served on the Audit and Examination  
17 Committee from at least March 2010 to March 2016. The Independent Directors deny that Mr.  
18 Hernandez is currently Chair of the Risk Committee. To the extent Plaintiffs purport to  
19 paraphrase Wells Fargo's public filings concerning Mr. Hernandez's compensation, the  
20 Independent Directors respectfully refer the Court to those filings for their content.

21 83. The Independent Directors admit that Defendant Donald M. James is a citizen of  
22 Alabama; has been a Wells Fargo director since January 2009; has served on the Human  
23 Resources Committee since at least March 2010; and has served on the Finance Committee since  
24 at least 2011. To the extent Plaintiffs purport to paraphrase Wells Fargo's public filings  
25 concerning Mr. James's compensation, the Independent Directors respectfully refer the Court to  
26 those filings for their content.

27 84. The Independent Directors admit that Defendant Cynthia H. Milligan is a citizen of  
28 Nebraska; was a Wells Fargo director since July 1992; served as Chair of the Credit Committee

1 since at least March 2010; served on the Corporate Responsibility Committee since January 2011;  
2 served on the Risk Committee beginning in January 2011, including as Chairman of that  
3 Committee from January 2011 to at least March 2011; served on the Governance and Nominating  
4 Committee from at least 2005; and served on the Audit and Examination Committee from at least  
5 March 2010 to at least March 2011. The Independent Directors deny that Ms. Milligan is  
6 currently a Wells Fargo director. To the extent Plaintiffs purport to paraphrase Wells Fargo's  
7 public filings concerning Ms. Milligan's compensation, the Independent Directors respectfully  
8 refer the Court to those filings for their content.

9 85. The Independent Directors admit that Defendant Federico F. Peña is a citizen of  
10 Colorado; has been a Wells Fargo director since November 2011; has served as Chair of the  
11 Corporate Responsibility Committee since at least March 2016 and as a member that Committee  
12 since at least March 2014; has served on the Audit and Examination Committee since November  
13 2011; served on the Risk Committee from March 2016; and has served on the Governance and  
14 Nominating Committee. The Independent Directors deny that Mr. Peña was a member of the  
15 Governance and Nominating Committee in 2012 or that he is currently a member of the Risk  
16 Committee. To the extent Plaintiffs purport to paraphrase Wells Fargo's public filings concerning  
17 Mr. Peña's compensation, the Independent Directors respectfully refer the Court to those filings  
18 for their content.

19 86. The Independent Directors admit that Defendant James H. Quigley is a citizen of  
20 Utah; has been a Wells Fargo director since October 2013; has served as Chair of the Audit and  
21 Examination Committee since January 2014; has served on the Risk Committee since at least  
22 March 2014; and has served on the Credit Committee since at least March 2015. To the extent  
23 Plaintiffs purport to paraphrase Wells Fargo's public filings concerning Mr. Quigley's  
24 compensation, the Independent Directors respectfully refer the Court to those filings for their  
25 content.

26 87. The Independent Directors admit that Defendant Judith M. Runstad is a citizen of  
27 Washington; was a Wells Fargo director from May 1998 to April 2016; served on the Corporate  
28 Responsibility Committee from January 2011 to April 2016, including as Chair from at least

1 March 2012 to at least March 2015; served on the Credit Committee from at least March 2010 to  
2 April 2016; served on the Risk Committee from at least March 2012 to at least March 2015; and  
3 served on the Finance Committee since at least March 2012. To the extent Plaintiffs purport to  
4 paraphrase Wells Fargo's public filings concerning Ms. Runstad's compensation, the Independent  
5 Directors respectfully refer the Court to those filings for their content.

6 88. The Independent Directors admit that Defendant Stephen W. Sanger is a citizen of  
7 Minnesota; was Wells Fargo's Chairman of the Board from the time of Defendant John G.  
8 Stumpf's resignation in October 2016, Lead Director from January 2012, and a director from July  
9 2003; served on the Human Resources Committee since at least March 2010, including as  
10 Chairman from at least March 2010 to March 2011; served on the Risk Committee from January  
11 2011; and served on the Governance and Nominating Committee from 2011, including as  
12 Chairman from 2012. The Independent Directors deny that Mr. Sanger is currently a Wells Fargo  
13 director. To the extent Plaintiffs purport to paraphrase Wells Fargo's public filings concerning  
14 Mr. Sanger's compensation, the Independent Directors respectfully refer the Court to those filings  
15 for their content.

16 89. The Independent Directors admit that Defendant Susan G. Swenson is a citizen of  
17 California; was a Wells Fargo director from November 1998; served on the Audit and  
18 Examination Committee from at least March 2010; and served on the Governance and Nominating  
19 Committee from at least 2006. The Independent Directors deny that Ms. Swenson is currently a  
20 Wells Fargo director. To the extent Plaintiffs purport to paraphrase Wells Fargo's public filings  
21 concerning Ms. Swenson's compensation, the Independent Directors respectfully refer the Court  
22 to those filings for their content.

23 90. The Independent Directors admit that Defendant Suzanne M. Vautrinot is a citizen  
24 of Colorado; has been a Wells Fargo director since February 2015; served on the Audit and  
25 Examination Committee from at least March 2015; and has served on the Credit Committee since  
26 February 2016. The Independent Directors deny that Ms. Vautrinot is currently a member of the  
27 Audit and Examination Committee. To the extent Plaintiffs purport to paraphrase Wells Fargo's  
28 public filings concerning Ms. Vautrinot's compensation, the Independent Directors respectfully

1 refer the Court to those filings for their content.

2 91. The allegations contained in paragraph 91 constitute a characterization of a defined  
3 term in the Complaint, to which no responsive pleading is required.

4 92. To the extent the allegations contained in paragraph 92 constitute a legal  
5 conclusion, no responsive pleading is required. To the extent a response is required, the  
6 Independent Directors deny the allegations of paragraph 92.

7 93. To the extent the allegations contained in paragraph 93 constitute a legal  
8 conclusion, no responsive pleading is required. To the extent a response is required, the  
9 Independent Directors deny the allegations of paragraph 93.

10 94. To the extent the allegations contained in paragraph 94 constitute a legal  
11 conclusion, no responsive pleading is required. To the extent a response is required, the  
12 Independent Directors deny the allegations of paragraph 94.

13 95. To the extent the allegations contained in paragraph 95 constitute a legal  
14 conclusion, no responsive pleading is required. To the extent a response is required, the  
15 Independent Directors deny the allegations of paragraph 95.

16 96. To the extent the allegations contained in paragraph 96 constitute a legal  
17 conclusion, no responsive pleading is required. To the extent a response is otherwise required, the  
18 Independent Directors are without knowledge or information sufficient to form a belief as to the  
19 truth of the allegations of paragraph 96, and on that basis deny them.

20 97. To the extent the allegations contained in paragraph 97 constitute a legal  
21 conclusion, no responsive pleading is required. To the extent a response is required, the  
22 Independent Directors admit that Plaintiffs purport to quote from a statement issued by the Federal  
23 Deposit Insurance Corporation but deny any characterizations of that statement, deny that  
24 paragraph 97 contains an accurate, complete, and unedited quotation of the statement, and deny  
25 the emphasis placed on certain portions of the quoted language in paragraph 97. The Independent  
26 Directors respectfully refer the Court to the referenced published statement for its content.

27 98. To the extent the allegations contained in paragraph 98 constitute a legal  
28 conclusion, no responsive pleading is required. To the extent a response is required, the

1 Independent Directors admit that Plaintiffs purport to quote June 2012 testimony of Comptroller  
2 of the Currency Thomas J. Curry before the House Financial Services Committee but deny any  
3 characterizations of that statement, deny that paragraph 98 contains an accurate, complete, and  
4 unedited quotation of the statement, and deny the emphasis placed on certain portions of the  
5 quoted language in paragraph 98. The Independent Directors respectfully refer the Court to the  
6 referenced written testimony for its content. To the extent a response is otherwise required, the  
7 Independent Directors deny the allegations of paragraph 98.

8 99. To the extent the allegations contained in paragraph 99 constitute a legal  
9 conclusion, no responsive pleading is required. To the extent a response is required, the  
10 Independent Directors admit that Plaintiffs purport to paraphrase OCC Bulletin 2014-52 but deny  
11 any characterizations of that Bulletin in paragraph 99. The Independent Directors respectfully  
12 refer the Court to the published Bulletin for its content. To the extent a response is otherwise  
13 required, the Independent Directors deny the allegations of paragraph 99.

14 100. To the extent the allegations contained in paragraph 100 constitute a legal  
15 conclusion, no responsive pleading is required. To the extent a response is required, the  
16 Independent Directors admit that Plaintiffs in paragraph 100 purport to quote Wells Fargo's  
17 2012–2015 Annual Reports but deny any characterizations of those quotations and deny that those  
18 quotations are accurate, complete, and unedited. The Independent Directors respectfully refer the  
19 Court to Wells Fargo's 2012–2015 Annual Reports for their content. To the extent a response is  
20 otherwise required, the Independent Directors deny the allegations of paragraph 100.

21 101. To the extent the allegations contained in paragraph 101 constitute a legal  
22 conclusion, no responsive pleading is required. To the extent a response is required, the  
23 Independent Directors admit that Wells Fargo's Board includes several standing committees  
24 including an Audit and Examination Committee, a Risk Committee, a Corporate Responsibility  
25 Committee, a Human Resource Committee, and a Governance and Nominating Committee; that  
26 these committees monitor specific aspects of Wells Fargo's business; and that these committees  
27 have their own charters. The Independent Directors deny the remaining allegations of paragraph  
28 101, including any characterizations of the referenced charters.



1           102. The Independent Directors admit that the referenced Wells Fargo directors served  
2 on the referenced committees during all or part of the Relevant Period, as defined by the  
3 Complaint.

4           103. To the extent the allegations contained in paragraph 103 constitute a legal  
5 conclusion, no responsive pleading is required. To the extent a response is required, the  
6 Independent Directors admit that the alleged Audit and Examination Committee membership was  
7 accurate as of the date this action was filed, and that Plaintiffs in paragraph 103 purport to quote  
8 the Audit and Examination Committee Charter but deny any characterizations of those quotations  
9 and deny that those quotations are accurate, complete, and unedited. The Independent Directors  
10 respectfully refer the Court to the Audit and Examination Committee Charter for its content. The  
11 Independent Directors deny the remaining allegations of paragraph 103, including that the list of  
12 Audit and Examination Committee current members is currently accurate.

13           104. To the extent the allegations contained in paragraph 104 constitute a legal  
14 conclusion, no responsive pleading is required. To the extent a response is required, the  
15 Independent Directors admit that Plaintiffs in paragraph 104 purport to quote the Audit and  
16 Examination Committee Charter but deny any characterizations of those quotations and deny that  
17 those quotations are accurate, complete, and unedited, and deny the emphasis placed on certain  
18 portions of the quoted language in paragraph 104. The Independent Directors respectfully refer  
19 the Court to the Audit and Examination Committee Charter for its content. The Independent  
20 Directors deny the remaining allegations of paragraph 104.

21           105. To the extent the allegations contained in paragraph 105 constitute a legal  
22 conclusion, no responsive pleading is required. To the extent a response is required, the  
23 Independent Directors admit that Plaintiffs in paragraph 105 purport to quote the Audit and  
24 Examination Committee Charter but deny any characterizations of those quotations and deny that  
25 those quotations are accurate, complete, and unedited. The Independent Directors respectfully  
26 refer the Court to the Audit and Examination Committee Charter for its content.

27           106. To the extent the allegations contained in paragraph 106 constitute a legal  
28 conclusion, no responsive pleading is required. To the extent a response is required, the

1 Independent Directors admit that the alleged Risk Committee membership was accurate as of the  
2 date this action was filed, and that Plaintiffs in paragraph 106 purport to quote the Risk Committee  
3 Charter but deny any characterizations of those quotations and deny that those quotations are  
4 accurate, complete, and unedited, and deny the emphasis placed on certain portions of the quoted  
5 language in paragraph 106. The Independent Directors respectfully refer the Court to the Risk  
6 Committee Charter for its content. The Independent Directors deny the remaining allegations of  
7 paragraph 106, including that the list of Risk Committee current members is currently accurate.

8 107. To the extent the allegations contained in paragraph 107 constitute a legal  
9 conclusion, no responsive pleading is required. To the extent a response is required, the  
10 Independent Directors admit that the alleged Human Resources Committee membership was  
11 accurate as of the date this action was filed, and that Plaintiffs in paragraph 107 purport to quote  
12 the Human Resources Committee Charter but deny any characterizations of those quotations and  
13 deny that those quotations are accurate, complete, and unedited. The Independent Directors  
14 respectfully refer the Court to the Human Resources Committee Charter for its content. The  
15 Independent Directors deny the remaining allegations of paragraph 107, including that the list of  
16 Human Resources Committee current members is currently accurate.

17 108. To the extent the allegations contained in paragraph 108 constitute a legal  
18 conclusion, no responsive pleading is required. To the extent a response is required, the  
19 Independent Directors admit that Plaintiffs in paragraph 108 purport to quote Wells Fargo's 2016  
20 Annual Proxy Statement but deny any characterizations of those quotations and deny that those  
21 quotations are accurate, complete, and unedited. The Independent Directors respectfully refer the  
22 Court to the 2016 Annual Proxy Statement for its content. The Independent Directors deny the  
23 remaining allegations of paragraph 108.

24 109. To the extent the allegations contained in paragraph 109 constitute a legal  
25 conclusion, no responsive pleading is required. To the extent a response is required, the  
26 Independent Directors admit that the alleged Corporate Responsibility Committee membership  
27 was accurate as of the date this action was filed, and that Plaintiffs in paragraph 109 purport to  
28 quote the Corporate Responsibility Committee Charter but deny any characterizations of those

1 quotations and deny that those quotations are accurate, complete, and unedited. The Independent  
2 Directors respectfully refer the Court to the Corporate Responsibility Committee Charter for its  
3 content and deny the remaining allegations of paragraph 109, including that the list of Corporate  
4 Responsibility Committee current members is currently accurate.

5 110. To the extent the allegations contained in paragraph 110 constitute a legal  
6 conclusion, no responsive pleading is required. To the extent a response is required, the  
7 Independent Directors admit that the alleged Governance and Nominating Committee membership  
8 was accurate as of the date this action was filed, and that Plaintiffs in paragraph 110 purport to  
9 quote the Governance and Nominating Committee Charter but deny any characterizations of those  
10 quotations and deny that those quotations are accurate, complete, and unedited. The Independent  
11 Directors respectfully refer the Court to the Governance and Nominating Committee Charter for  
12 its content and deny the remaining allegations of paragraph 110, including that the list of  
13 Governance and Nominating Committee current members is currently accurate.

14 111. The Independent Directors admit that Plaintiffs in paragraph 111 purport to quote  
15 and paraphrase Wells Fargo's 2014 Annual Proxy Statement, including the Board's  
16 recommendation within that document regarding the vote on a shareholder proposal, but deny any  
17 characterizations of that recommendation and deny that quotations are accurate, complete, and  
18 unedited. The Independent Directors respectfully refer the Court to the 2014 Annual Proxy  
19 Statement for its content and deny the remaining allegations of paragraph 111.

20 112. The Independent Directors admit that the referenced Wells Fargo directors served  
21 on the Governance and Nominating Committee during all or part of the Relevant Period, as  
22 defined by the Complaint, and that Plaintiffs in paragraph 112 purport to quote the Governance  
23 and Nominating Committee Charter. The Independent Directors deny any characterizations of  
24 those quotations and deny that those quotations are accurate, complete, and unedited. The  
25 Independent Directors respectfully refer the Court to the Governance and Nominating Committee  
26 Charter for its content.

27 113. The Independent Directors admit that Plaintiffs in paragraph 113 purport to quote  
28 Wells Fargo's Corporate Governance Guidelines but deny any characterizations of those

1 quotations and deny that those quotations are accurate, complete, and unedited. The Independent  
2 Directors respectfully refer the Court to the Corporate Governance Guidelines for its content.

3 114. The Independent Directors admit that Plaintiffs in paragraph 114 purport to quote  
4 Wells Fargo's Corporate Governance Guidelines but deny any characterizations of those  
5 quotations and deny that those quotations are accurate, complete, and unedited. The Independent  
6 Directors respectfully refer the Court to the Corporate Governance Guidelines for its content.

7 115. To the extent the allegations contained in paragraph 115 constitute a legal  
8 conclusion, no responsive pleading is required. The Independent Directors admit that Plaintiffs in  
9 paragraph 115 purport to quote Wells Fargo's Corporate Governance Guidelines but deny any  
10 characterizations of those quotations and deny that those quotations are accurate, complete, and  
11 unedited. The Independent Directors respectfully refer the Court to the Corporate Governance  
12 Guidelines for its content. To the extent a response is otherwise required, the Independent  
13 Directors deny the allegations in paragraph 115.

14 116. To the extent the allegations contained in paragraph 116 constitute a legal  
15 conclusion, no responsive pleading is required. To the extent a response is required, the  
16 Independent Directors admit that Wells Fargo issued proxy statements prior to each annual and  
17 special shareholder meeting, and filed the information in those proxy statements with the SEC  
18 prior to soliciting a shareholder vote on the election of directors and the approval of other  
19 corporate action. To the extent a response is otherwise required, the Independent Directors deny  
20 the allegations in paragraph 116.

21 117. The Independent Directors admit that Plaintiffs in paragraph 117 purport to quote  
22 Wells Fargo's 2016 Annual Proxy Statement but deny any characterizations of those quotations  
23 and deny that those quotations are accurate, complete, and unedited. The Independent Directors  
24 respectfully refer the Court to the 2016 Annual Proxy Statement for its content. To the extent a  
25 response is otherwise required, the Independent Directors deny the allegations in paragraph 117.

26 118. The Independent Directors admit that Plaintiffs in paragraph 118 purport to quote  
27 Wells Fargo's 2016 Annual Proxy Statement and paraphrase other of the Company's proxy  
28 statements and its Code of Ethics but deny any characterizations in those paraphrases or of those

1 quotations and deny that quotations are accurate, complete, and unedited. The Independent  
2 Directors respectfully refer the Court to the referenced documents for their content.

3 119. The Independent Directors admit that Plaintiffs in paragraph 119 purport to quote  
4 Wells Fargo's 2015 Annual Proxy Statement and describe certain other of the Company's proxy  
5 statements, including concerning the Board's recommendations within those documents regarding  
6 the vote on a shareholder proposal, but deny any characterizations of those recommendations and  
7 deny that quotations are accurate, complete, and unedited. The Independent Directors respectfully  
8 refer the Court to the 2005–2016 Annual Proxy Statements for their content and deny the  
9 remaining allegations of paragraph 119.

10 120. The Independent Directors admit that on March 18, 2014, Wells Fargo filed its  
11 2014 Annual Proxy Statement in advance of the stockholder meeting that was held April 29, 2014,  
12 and that Plaintiffs in paragraph 120 purport to quote Wells Fargo's 2014 Annual Proxy Statement.  
13 The Independent Directors deny any characterizations of the document or quotations from it and  
14 deny that quotations are accurate, complete, and unedited, and deny the emphasis placed on  
15 certain portions of the quoted language in paragraph 120. The Independent Directors respectfully  
16 refer the Court to the 2014 Annual Proxy Statement for its content and deny the remaining  
17 allegations of paragraph 120.

18 121. The Independent Directors admit that on March 17, 2015, Wells Fargo filed its  
19 2015 Annual Proxy Statement in advance of the stockholder meeting that was held April 28, 2015,  
20 and that Plaintiffs in paragraph 121 purport to quote Wells Fargo's 2015 Annual Proxy Statement.  
21 The Independent Directors deny any characterizations of the document or quotations from it and  
22 deny that quotations are accurate, complete, and unedited. The Independent Directors respectfully  
23 refer the Court to the 2015 Annual Proxy Statement for its content and deny the remaining  
24 allegations of paragraph 121.

25 122. The Independent Directors admit that on March 16, 2016, Wells Fargo filed its  
26 2016 Annual Proxy Statement in advance of the stockholder meeting that was held April 26, 2016,  
27 and that Plaintiffs in paragraph 122 purport to quote Wells Fargo's 2016 Annual Proxy Statement.  
28 The Independent Directors deny any characterizations of the document or quotations from it and

1 deny that quotations are accurate, complete, and unedited. The Independent Directors respectfully  
2 refer the Court to the 2016 Annual Proxy Statement for its content and deny the remaining  
3 allegations of paragraph 122.

4 123. To the extent the allegations contained in paragraph 123 constitute a legal  
5 conclusion, no responsive pleading is required. To the extent a response is required, the  
6 Independent Directors deny the allegations of paragraph 123.

7 124. The Independent Directors admit that Plaintiffs in paragraph 124 purport to quote a  
8 2013 *Los Angeles Times* article but deny any characterizations of the quotations and deny that the  
9 quotations are accurate, complete, and unedited. The Independent Directors respectfully refer the  
10 Court to the *Los Angeles Times* article for its content. The Independent Directors deny the  
11 remaining allegations of paragraph 124.

12 125. The Independent Directors admit that Plaintiffs in paragraph 125 purport to quote  
13 Wells Fargo's 1999 Annual Report but deny any characterizations of those quotations and deny  
14 that quotations are accurate, complete, and unedited. The Independent Directors respectfully refer  
15 the Court to the 1999 Annual Report for its content and deny the remaining allegations of  
16 paragraph 125.

17 126. The Independent Directors admit that Plaintiffs in paragraph 126 purport to quote  
18 Wells Fargo's 2006 Annual Report but deny any characterizations of those quotations and deny  
19 that the quotations are accurate, complete, and unedited. The Independent Directors respectfully  
20 refer the Court to the 2006 Annual Report for its content and deny the remaining allegations of  
21 paragraph 126.

22 127. The Independent Directors admit that Plaintiffs in paragraph 127 purport to quote  
23 Wells Fargo's 2007 Annual Report but deny any characterizations of those quotations and deny  
24 that the quotations are accurate, complete, and unedited, and deny the emphasis placed on certain  
25 portions of the quoted language in paragraph 127. The Independent Directors respectfully refer  
26 the Court to the 2007 Annual Report for its content.

27 128. The Independent Directors admit that Plaintiffs in paragraph 128 purport to quote a  
28 transcript of Wells Fargo's 2010 Investor Conference held on May 13, 2010 but deny any

1 characterizations of those quotations and deny that the quotations are accurate, complete, and  
2 unedited, and deny the emphasis placed on certain portions of the quoted language in paragraph  
3 128. The Independent Directors respectfully refer the Court to the 2010 Investor Conference  
4 transcript for its content and deny the remaining allegations of paragraph 128. The Independent  
5 Directors are without knowledge or information sufficient to form a belief as to the truth of the  
6 remaining allegations of paragraph 128, and on that basis deny them.

7 129. The Independent Directors admit that Plaintiffs in paragraph 129 purport to quote a  
8 transcript of Wells Fargo's 2010 Investor Conference held on May 13, 2010, at which Defendant  
9 Carrie L. Tolstedt spoke, but deny any characterizations of those quotations and deny that the  
10 quotations are accurate, complete, and unedited. The Independent Directors respectfully refer the  
11 Court to the 2010 Investor Conference transcript for its content and deny the remaining allegations  
12 of paragraph 129.

13 130. The Independent Directors admit that Plaintiffs in paragraph 130 purport to quote  
14 Wells Fargo's 2010 Annual Report but deny any characterizations of those quotations and deny  
15 that the quotations are accurate, complete, and unedited. The Independent Directors respectfully  
16 refer the Court to the 2010 Annual Report for its content and deny the remaining allegations of  
17 paragraph 130.

18 131. The Independent Directors admit that Wells Fargo filed a Form 10-Q with the SEC  
19 on May 6, 2011, and that Plaintiffs in paragraph 131 purport to quote from it but deny any  
20 characterizations of those quotations and deny that the quotations are accurate, complete, and  
21 unedited, and deny the emphasis placed on certain portions of the quoted language in paragraph  
22 131. The Independent Directors respectfully refer the Court to 10-Q filed May 6, 2011, for its  
23 content and deny the remaining allegations of paragraph 131.

24 132. The Independent Directors admit that Plaintiffs in paragraph 132 purport to quote  
25 Wells Fargo's 2013 Annual Report but deny any characterizations of those quotations and deny  
26 that the quotations are accurate, complete, and unedited. The Independent Directors respectfully  
27 refer the 2013 Annual Report for its content and deny the remaining allegations of paragraph 132.

28 133. The Independent Directors admit that Wells Fargo filed a Form 10-K with the SEC



1 on February 26, 2014; that this Form 10-K was attached as an exhibit the Company's 2013 Annual  
2 Report; and that Plaintiffs in paragraph 133 purport to quote from the 2013 Annual Report. The  
3 Independent Directors deny any characterizations of those quotations and deny that the quotations  
4 are accurate, complete, and unedited, and deny the emphasis placed on certain portions of the  
5 quoted language in paragraph 133. The Independent Directors respectfully refer the Court to  
6 Wells Fargo's 2013 Annual Report for its content and deny the remaining allegations of paragraph  
7 133.

8 134. The Independent Directors admit that Plaintiffs in paragraph 134 purport to quote  
9 Wells Fargo's 2013 Annual Report but deny any characterizations of those quotations and deny  
10 that the quotations are accurate, complete, and unedited, and deny the emphasis placed on certain  
11 portions of the quoted language in paragraph 134. The Independent Directors respectfully refer  
12 the Court to the 2013 Annual Report for its content and deny the remaining allegations of  
13 paragraph 134.

14 135. The Independent Directors admit that Plaintiffs in paragraph 135 purport to quote  
15 from the Risk Factors enumerated in Wells Fargo's 2013 Form 10-K and Annual Report but deny  
16 any characterizations of those quotations and deny that the quotations are accurate, complete, and  
17 unedited, and deny the emphasis placed on certain portions of the quoted language in paragraph  
18 135. The Independent Directors respectfully refer the 2013 Form 10-K and Annual Report for  
19 their content and deny the remaining allegations of paragraph 135.

20 136. The Independent Directors admit that Plaintiffs in paragraph 136 purport to  
21 paraphrase and quote a transcript of Wells Fargo's 2014 Investor Day Conference held on May 20,  
22 2014, at which Defendants John G. Stumpf and John R. Shrewsberry spoke, but deny any  
23 characterizations of the document and deny that the quotations are accurate, complete, and  
24 unedited. The Independent Directors respectfully refer the Court to the 2014 Investor Day  
25 Conference transcript for its content.

26 137. The Independent Directors admit that Defendant Carrie L. Tolstedt spoke at the  
27 same 2014 Investor Day Conference, held on May 20, 2014, and that Plaintiffs in paragraph 137  
28 purport to paraphrase and quote a transcript of that conference but deny any characterizations of

1 the document and deny that the quotations are accurate, complete, and unedited, and deny the  
2 emphasis placed on certain portions of the quoted language in paragraph 137. The Independent  
3 Directors respectfully refer the Court to the 2014 Investor Day Conference transcript for its  
4 content.

5 138. The Independent Directors admit that Defendant Timothy J. Sloan spoke at the  
6 same 2014 Investor Day Conference, held on May 20, 2014, and that Plaintiffs in paragraph 138  
7 purport to paraphrase and quote a transcript of that conference but deny any characterizations of  
8 the document and deny that quotations are accurate, complete, and unedited. The Independent  
9 Directors respectfully refer the Court to the 2014 Investor Day Conference transcript for its  
10 content.

11 139. The Independent Directors admit that Plaintiffs in paragraph 139 purport to quote a  
12 presentation by Defendant John R. Shrewsberry at the Barclays Capital 2014 Global Financial  
13 Services Conference held on September 10, 2014, but deny any characterizations of those  
14 quotations and deny that the quotations are accurate, complete, and unedited. The Independent  
15 Directors respectfully refer the Court to the Barclays Capital 2014 Global Financial Services  
16 Conference transcript for its content.

17 140. The Independent Directors admit that Wells Fargo's practice of cross-selling was  
18 referenced in public statements and filings during the Relevant Period, as defined in the  
19 Complaint, but deny any characterizations of those references, and deny the remaining allegations  
20 of paragraph 140.

21 141. The Independent Directors admit that Plaintiffs in paragraph 141 purport to quote  
22 Wells Fargo's 2014 Annual Report but deny any characterizations of those quotations and deny  
23 that quotations are accurate, complete, and unedited. The Independent Directors respectfully refer  
24 the Court to the 2014 Annual Report for its content and deny the remaining allegations of  
25 paragraph 141.

26 142. The Independent Directors admit that Wells Fargo publicly disclosed certain cross-  
27 sell numbers and that Plaintiffs in paragraph 142 purport to paraphrase and quote Wells Fargo's  
28 2010 Annual Report, but deny any characterizations in those paraphrases and of those quotations

1 and deny that quotations are accurate, complete, and unedited. The Independent Directors  
2 respectfully refer the Court to the 2010 Annual Report for its content and deny the remaining  
3 allegations of paragraph 142.

4 143. The Independent Directors admit that Plaintiffs in paragraph 143 purport to quote  
5 Wells Fargo's Q1 2011 Form 10-Q but deny any characterizations of that quotation and deny that  
6 that quotation is accurate, complete, and unedited. The Independent Directors respectfully refer  
7 the Court to the Company's Q1 2011 Form 10-Q for its content.

8 144. The Independent Directors admit that Plaintiffs in paragraph 144 purport to quote  
9 from or paraphrase Wells Fargo's 2011, 2012, 2013, 2014, and 2015 Annual Reports, but deny  
10 any characterizations of that quotation and deny that that quotation is accurate, complete, and  
11 unedited, and the Independent Directors respectfully refer the Court to the Annual Reports for  
12 their content.

13 145. The Independent Directors are without knowledge or information sufficient to form  
14 a belief as to the truth of the allegations of paragraph 145, and on that basis deny them. To the  
15 extent Plaintiffs purport to quote from the transcript of Wells Fargo's Q2 2013 Earnings  
16 Conference Call, the Independent Directors respectfully refer the Court to the transcript for its  
17 content.

18 146. The Independent Directors are without knowledge or information sufficient to form  
19 a belief as to the truth of the allegations of paragraph 146, and on that basis deny them. To the  
20 extent Plaintiffs purport to paraphrase the complaint filed on May 4, 2015, by the Los Angeles  
21 City Attorney, the Independent Directors respectfully refer the Court to the referenced complaint  
22 for its content.

23 147. The Independent Directors are without knowledge or information sufficient to form  
24 a belief as to the truth of the allegations of paragraph 147, and on that basis deny them. To the  
25 extent Plaintiffs purport to quote and paraphrase a July 1, 2008 Store Manager Incentive Plan, the  
26 Independent Directors respectfully refer the Court to the referenced document for its content.

27 148. The Independent Directors are without knowledge or information sufficient to form  
28 a belief as to the truth of the allegations of paragraph 148, and on that basis deny them. To the

1 extent Plaintiffs purport to paraphrase the complaint filed on December 27, 2016, in the Northern  
2 District of California, the Independent Directors respectfully refer the Court to the referenced  
3 complaint for its content.

4 149. The Independent Directors are without knowledge or information sufficient to form  
5 a belief as to the truth of the allegations of paragraph 149, and on that basis deny them. To the  
6 extent Plaintiffs purport to paraphrase a declaration filed in connection with the Los Angeles City  
7 Attorney's suit against Wells Fargo, the Independent Directors respectfully refer the Court to the  
8 referenced declaration for its content.

9 150. The Independent Directors deny the allegations of paragraph 150.

10 151. The Independent Directors admit that Wells Fargo offered a service called  
11 EthicsLine for employees to report ethics and compliance concerns online or by phone to third-  
12 party interviewers, who then provided a summary of the information to Wells Fargo (and at certain  
13 times Wells Fargo's Office of Global Ethics and Integrity) for assessment and referral to the  
14 appropriate review team. The Independent Directors further admit that Plaintiffs purport to quote  
15 from a 2010 Wells Fargo Team Member Handbook, but deny any characterizations of that  
16 quotation and deny that that quotation is accurate, complete, and unedited, and respectfully refer  
17 the Court to the referenced document for its content. The Independent Directors deny the  
18 remaining allegations of paragraph 151.

19 152. The Independent Directors admit that Plaintiffs purport to paraphrase and quote  
20 from a 2010 Wells Fargo Team Member Handbook, but deny any characterizations of that  
21 document and deny that that quotation is accurate, complete, and unedited, and deny the emphasis  
22 placed on certain portions of the quoted language in paragraph 152, and respectfully refer the  
23 Court to the referenced document for its content. The Independent Directors deny the remaining  
24 allegations of paragraph 152.

25 153. To the extent the allegations contained in paragraph 153 constitute a legal  
26 conclusion, no responsive pleading is required. To the extent a response is required, the  
27 Independent Directors admit that Plaintiffs purport to quote from Wells Fargo's Code of Ethics  
28 and Business Conduct, respectfully refer the Court to the referenced document for its content, and

1 deny the remaining allegations of paragraph 153.

2 154. The Independent Directors admit that the Board's Audit and Examination  
3 Committee received certain high-level information on EthicsLine between 2011 and 2013, and  
4 that Plaintiffs purport to quote Defendant John G. Stumpf's testimony before the House Financial  
5 Services Committee regarding the same, but deny any characterizations of those quotations and  
6 deny that the quotations are accurate, complete, and unedited, and respectfully refer the Court to  
7 the referenced testimony for its content. The Independent Directors deny the remaining  
8 allegations of paragraph 154.

9 155. The Independent Directors admit that the Audit and Examination Committee  
10 received certain information pertaining to Wells Fargo's Internal Investigations group, EthicsLine,  
11 and suspicious activity reporting from at least 2011, including that certain of the reports discussed  
12 increases in sales integrity issues, and that Plaintiffs purport to quote Defendant John G. Stumpf's  
13 and Wells Fargo's November 2016 written responses to questions posed by the Senate Banking  
14 Committee regarding the same, but deny any characterizations of that quotation and respectfully  
15 refer the Court to the referenced responses for their content. The Independent Directors deny the  
16 remaining allegations of paragraph 155.

17 156. The Independent Directors admit that the Risk Committee received reports from  
18 management regarding certain noteworthy risks, which later at certain times included sales  
19 conduct and practice issues affecting customers and management's efforts to address those risks,  
20 that the Human Resources Committee later at certain times received reports advising the  
21 committee that management was monitoring the sales practices issues, and that Plaintiffs purport  
22 to quote Defendant John G. Stumpf's and Wells Fargo's November 2016 written responses to  
23 questions posed by the Senate Banking Committee regarding the same, but deny any  
24 characterizations of that quotation and respectfully refer the Court to the referenced responses for  
25 their content. The Independent Directors deny the remaining allegations of paragraph 156.

26 157. The Independent Directors admit that the Board at some point discussed sales  
27 integrity issues, and that Plaintiffs purport to quote Defendant John G. Stumpf's and Wells  
28 Fargo's November 2016 written responses to questions posed by the Senate Banking Committee

1 regarding the same, but deny any characterizations of that quotation and respectfully refer the  
2 Court to the referenced responses for their content. The Independent Directors are without  
3 knowledge or information sufficient to form a belief as to the truth of the allegations pertaining to  
4 Defendant John G. Stumpf's knowledge, and on that basis deny them. The Independent Directors  
5 deny the remaining allegations of paragraph 157.

6 158. The Independent Directors are without knowledge or information sufficient to form  
7 a belief as to the truth of the allegations of paragraph 158, and on that basis deny them. To the  
8 extent Plaintiffs purport to quote and paraphrase a July 1, 2008 Store Manager Incentive Plan and  
9 excerpt an EthicsLine complaint, the Independent Directors respectfully refer the Court to the  
10 referenced documents for their content.

11 159. The Independent Directors are without knowledge or information sufficient to form  
12 a belief as to the truth of the allegations of paragraph 159, and on that basis deny them, except  
13 that, to the extent Plaintiffs reference paragraphs 154 to 157 of the Complaint, the Independent  
14 Directors incorporate their responses to the same in response to paragraph 159.

15 160. The Independent Directors admit that the Sales and Service Conduct Oversight  
16 Team ("SSCOT") began certain proactive monitoring processes in or around 2011. To the extent  
17 that Plaintiffs in paragraph 160 purport to quote from a transcript of a Senate Committee on  
18 Banking, Housing, and Urban Affairs hearing held on September 20, 2016, the Independent  
19 Directors respectfully refer the Court to the referenced transcript for its content.

20 161. The Independent Directors admit that in or around 2012 SSCOT, which undertook  
21 certain proactive monitoring practices, began to report to the risk function within the Community  
22 Bank. To the extent that Plaintiffs in paragraph 161 purport to quote Defendant John G. Stumpf's  
23 and Wells Fargo's November 2016 written responses to questions posed by the Senate Banking  
24 Committee, the Independent Directors respectfully refer the Court to the referenced document for  
25 its content.

26 162. To the extent that Plaintiffs in paragraph 162 purport to quote and/or paraphrase  
27 from a transcript of a Senate Committee on Banking, Housing, and Urban Affairs hearing held on  
28 September 20, 2016, and Defendant John G. Stumpf's and Wells Fargo's November 2016 written

1 responses to questions posed by the Senate Banking Committee, the Independent Directors  
2 respectfully refer the Court to the referenced document and transcript for their content. The  
3 Independent Directors admit that the term “simulated funding” was used to describe the practice of  
4 creating an account for a customer and then funding it without the customer’s knowledge or  
5 consent, to make it appear as if the customer had funded it, and that analyses and investigations of  
6 this practice were conducted internally by Wells Fargo in 2013 and that employees were  
7 terminated for engaging in the practice. The Independent Directors are without knowledge or  
8 information sufficient to form a belief as to the truth of the remaining allegations of paragraph  
9 162, and on that basis deny them.

10 163. The Independent Directors admit that the *Los Angeles Times* published an article on  
11 December 21, 2013, about Wells Fargo, and that Plaintiffs purport in paragraph 163 to quote from  
12 the article, but deny any characterizations of the article, deny that the quotations contained in  
13 paragraph 163 are accurate, complete, and unedited, and respectfully refer the Court to the article  
14 for its content. The Independent Directors are without knowledge or information sufficient to  
15 form a belief as to the truth of the remaining allegations of paragraph 163, and on that basis deny  
16 them.

17 164. The Independent Directors are without knowledge or information sufficient to form  
18 a belief as to the truth of the allegations of paragraph 164, and on that basis deny them. To the  
19 extent Plaintiffs purport in paragraph 164 to quote from the December 21, 2013, *Los Angeles*  
20 *Times* article, the Independent Directors deny any characterizations of the article, deny that the  
21 quotations contained in paragraph 164 are accurate, complete, and unedited, and respectfully refer  
22 the Court to the article for its content.

23 165. The Independent Directors are without knowledge or information sufficient to form  
24 a belief as to the truth of the allegations of paragraph 165, and on that basis deny them. To the  
25 extent Plaintiffs purport in paragraph 165 to quote from the December 21, 2013, *Los Angeles*  
26 *Times* article, the Independent Directors deny any characterizations of the article, deny that the  
27 quotations contained in paragraph 165 are accurate, complete, and unedited, and respectfully refer  
28 the Court to the article for its content.



1           166. The Independent Directors are without knowledge or information sufficient to form  
2 a belief as to the truth of the allegations of paragraph 166, and on that basis deny them. To the  
3 extent Plaintiffs purport in paragraph 166 to quote from the December 21, 2013, *Los Angeles*  
4 *Times* article, the Independent Directors deny any characterizations of the article, deny that the  
5 quotations contained in paragraph 166 are accurate, complete, and unedited, and respectfully refer  
6 the Court to the article for its content.

7           167. The Independent Directors are without knowledge or information sufficient to form  
8 a belief as to the truth of the allegations of paragraph 167, and on that basis deny them. To the  
9 extent Plaintiffs purport in paragraph 167 to quote from the December 21, 2013, *Los Angeles*  
10 *Times* article, the Independent Directors deny any characterizations of the article, deny that the  
11 quotations contained in paragraph 167 are accurate, complete, and unedited, and respectfully refer  
12 the Court to the article for its content.

13           168. The Independent Directors are without knowledge or information sufficient to form  
14 a belief as to the truth of the allegations of paragraph 168, and on that basis deny them. To the  
15 extent Plaintiffs purport in paragraph 168 to quote from the December 21, 2013, *Los Angeles*  
16 *Times* article, the Independent Directors deny any characterizations of the article, deny that the  
17 quotations contained in paragraph 168 are accurate, complete, and unedited, and respectfully refer  
18 the Court to the article for its content.

19           169. The Independent Directors admit that Plaintiffs purport in paragraph 169 to  
20 paraphrase a transcript of Defendant John G. Stumpf's testimony before the House Financial  
21 Services Committee, but deny any characterizations of his testimony and respectfully refer the  
22 Court to the referenced transcript for its content.

23           170. The Independent Directors admit that Defendant John G. Stumpf addressed sales  
24 practices issues during a town hall meeting in Hollywood, Florida following the December 2013  
25 *Los Angeles Times* story, and that Plaintiffs purport in paragraph 170 to paraphrase a transcript of  
26 that meeting, but deny any characterizations of the document, and respectfully refer the Court to  
27 the referenced transcript for its content. The Independent Directors deny the remaining allegations  
28 of paragraph 170.

171. To the extent the allegations contained in paragraph 171 constitute a legal conclusion, no responsive pleading is required. To the extent a response is required, the Independent Directors admit that the Los Angeles City Attorney filed a lawsuit against Wells Fargo on May 4, 2015, and that a consumer class action was filed the same month. The Independent Directors deny the remaining allegations of paragraph 171.

172. The Independent Directors admit that Plaintiffs purport in paragraph 172 to paraphrase and quote Los Angeles City Attorney Michael Feuer's written testimony before the Senate Banking Committee, but deny any characterizations of his testimony, deny that the testimony quoted in paragraph 172 is accurate, complete, and unedited, and respectfully refer the Court to the referenced transcript for its content. The Independent Directors are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 172, and on that basis deny them.

173. The Independent Directors admit that the Los Angeles City Attorney filed a civil enforcement action in May 2015 against Wells Fargo and that Plaintiffs purport in paragraph 173 to paraphrase the complaint in that action, but deny any characterizations of the complaint and respectfully refer the Court to the referenced complaint for its content. The Independent Directors are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 173, and on that basis deny them.

174. The Independent Directors admit that Plaintiffs purport in paragraph 174 to paraphrase the complaint in the Los Angeles City Attorney's May 2015 civil enforcement action against Wells Fargo but deny any characterizations of the complaint and respectfully refer the Court to the referenced complaint for its content. The Independent Directors are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 174, and on that basis deny them.

175. The Independent Directors are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 175, and on that basis deny them.

176. The Independent Directors admit that Plaintiffs purport in paragraph 176 to paraphrase the complaint in the Los Angeles City Attorney's May 2015 civil enforcement action

1 against Wells Fargo but deny any characterizations of the complaint and respectfully refer the  
2 Court to the referenced complaint for its content. The Independent Directors are without  
3 knowledge or information sufficient to form a belief as to the truth of the remaining allegations of  
4 paragraph 176, and on that basis deny them.

5 177. The Independent Directors admit that Plaintiffs purport in paragraph 177 to quote  
6 Los Angeles City Attorney Michael Feuer's written testimony before the Senate Banking  
7 Committee, but deny any characterizations of his testimony, deny that the testimony quoted in  
8 paragraph 177 is accurate, complete, and unedited, and deny the emphasis placed on certain  
9 portions of the quoted language in paragraph 177, and respectfully refer the Court to the  
10 referenced written testimony for its content. The Independent Directors are without knowledge or  
11 information sufficient to form a belief as to the truth of the remaining allegations of paragraph  
12 177, and on that basis deny them.

13 178. The Independent Directors are without knowledge or information sufficient to form  
14 a belief as to the truth of the allegations of paragraph 178, and on that basis deny them.

15 179. The Independent Directors admit that a purported consumer class action was filed  
16 in May 2015 against Wells Fargo in the United States District Court for the Northern District of  
17 California and that Plaintiffs purport in paragraph 179 to paraphrase the complaint and supporting  
18 testimony in that action, but deny any characterizations of the complaint or testimony and  
19 respectfully refer the Court to the referenced complaint and testimony for its content. The  
20 Independent Directors are without knowledge or information sufficient to form a belief as to the  
21 truth of the remaining allegations of paragraph 179, and on that basis deny them.

22 180. The Independent Directors admit that Plaintiffs purport in paragraph 180 to  
23 paraphrase the purported consumer class action complaint filed in May 2015 but deny any  
24 characterizations of the complaint and respectfully refer the Court to the referenced complaint for  
25 its content. The Independent Directors are without knowledge or information sufficient to form a  
26 belief as to the truth of the remaining allegations of paragraph 180, and on that basis deny them.

27 181. The Independent Directors admit that Plaintiffs purport in paragraph 181 to  
28 paraphrase the purported consumer class action complaint filed in May 2015 but deny any

1 characterizations of the complaint and respectfully refer the Court to the referenced complaint for  
2 its content. The Independent Directors are without knowledge or information sufficient to form a  
3 belief as to the truth of the remaining allegations of paragraph 181, and on that basis deny them.

4 182. The Independent Directors admit that Plaintiffs purport in paragraph 182 to  
5 paraphrase the purported consumer class action complaint filed in May 2015 but deny any  
6 characterizations of the complaint and respectfully refer the Court to the referenced complaint for  
7 its content. The Independent Directors are without knowledge or information sufficient to form a  
8 belief as to the truth of the remaining allegations of paragraph 182, and on that basis deny them.

9 183. The Independent Directors understand that the OCC takes the position that its  
10 supervisory communications with Wells Fargo are privileged and confidential supervisory  
11 information (with the privilege owned and controlled by the OCC), and that no response is  
12 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
13 paragraph 183 by stating that they lack knowledge or information sufficient to form a belief as to  
14 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
15 content.

16 184. The Independent Directors are without knowledge or information sufficient to form  
17 a belief as to the truth of the allegations of paragraph 184, and on that basis deny them. To the  
18 extent Plaintiffs in paragraph 184 purport to cite a transcript of former CFPB Director Richard  
19 Cordray's testimony before the Senate Banking Committee, the Independent Directors respectfully  
20 refer the Court to the transcript for its content.

21 185. The Independent Directors admit that Plaintiffs purport in paragraph 185 to quote  
22 and paraphrase a December 18, 2014, news release by the Financial Industry Regulatory  
23 Authority, but deny any characterizations of that news release and respectfully refer the Court to  
24 the news release for its content.

25 186. The Independent Directors admit that Board members were informed of the filings  
26 of the Los Angeles City Attorney's lawsuit and the Northern District of California consumer class  
27 action, both filed in May 2015, and of a FINRA fine relating to anti-money laundering  
28 compliance. The Independent Directors understand that the OCC takes the position that its

1 supervisory communications with Wells Fargo are privileged and confidential supervisory  
2 information (with the privilege owned and controlled by the OCC), and that no response  
3 pertaining to OCC communications is permitted or appropriate. Accordingly, the Independent  
4 Directors respond to the allegations of paragraph 186 pertaining to OCC communications by  
5 stating that they lack knowledge or information sufficient to form a belief as to the truth of the  
6 allegations and on that basis deny them and refer to the referenced document for its content. The  
7 Independent Directors deny the remaining allegations of paragraph 186.

8 187. The Independent Directors admit that Plaintiffs purport in paragraph 187 to quote  
9 and paraphrase the Audit and Examination Committee Charter, but deny any characterizations of  
10 that document, deny that the language quoted in paragraph 187 is accurate, complete, and  
11 unedited, and respectfully refer the Court to the referenced document for its content. The  
12 Independent Directors deny the remaining allegations of paragraph 187.

13 188. To the extent the allegations contained in paragraph 188 constitute a legal  
14 conclusion, no responsive pleading is required. To the extent a response is required, the  
15 Independent Directors deny the allegations of paragraph 188.

16 189. The Independent Directors admit that Plaintiffs purport in paragraph 189 to quote  
17 the Corporate Responsibility Committee Charter, but deny any characterizations of that document,  
18 deny that the language quoted in paragraph 189 is accurate, complete, and unedited, and  
19 respectfully refer the Court to the referenced document for its content. The Independent Directors  
20 deny the remaining allegations of paragraph 189.

21 190. To the extent the allegations contained in paragraph 190 constitute a legal  
22 conclusion, no responsive pleading is required. To the extent a response is required, the  
23 Independent Directors deny the allegations of paragraph 190.

24 191. To the extent the allegations contained in paragraph 191 constitute a legal  
25 conclusion, no responsive pleading is required. To the extent a response is required, the  
26 Independent Directors admit that Plaintiffs in paragraph 191 purport to paraphrase or quote the  
27 Corporate Responsibility Committee Charter and the Los Angeles City Attorney's complaint, but  
28 deny any characterizations of those documents, deny that the language quoted in paragraph 191 is

1 accurate, complete, and unedited, and respectfully refer the Court to the referenced documents for  
2 their content. The Independent Directors deny the remaining allegations of paragraph 191.

3 192. To the extent the allegations contained in paragraph 192 constitute a legal  
4 conclusion, no responsive pleading is required. To the extent a response is required, the  
5 Independent Directors deny the allegations of paragraph 192.

6 193. The Independent Directors admit that Plaintiffs purport in paragraph 193 to quote a  
7 transcript of the May 2015 Barclays America Select Conference, but deny any characterizations of  
8 the quoted language, deny that the transcript quoted in paragraph 193 is accurate, complete, and  
9 unedited, deny the emphasis placed on certain portions of the quoted language in paragraph 193,  
10 and respectfully refer the Court to the referenced document for its content. The Independent  
11 Directors are without knowledge or information sufficient to form a belief as to the truth of the  
12 remaining allegations of paragraph 193, and on that basis deny them.

13 194. To the extent the allegations contained in paragraph 194 constitute a legal  
14 conclusion, no responsive pleading is required. To the extent a response is required, the  
15 Independent Directors admit that Plaintiffs purport in paragraph 194 to quote a transcript of the  
16 May 2015 Barclays America Select Conference, but deny any characterizations of the quoted  
17 language, deny that the transcript quoted in paragraph 194 is accurate, complete, and unedited,  
18 deny the emphasis placed on certain portions of the quoted language in paragraph 194, and  
19 respectfully refer the Court to the referenced document for its content. The Independent Directors  
20 are without knowledge or information sufficient to form a belief as to the truth of the remaining  
21 allegations of paragraph 194, and on that basis deny them.

22 195. The Independent Directors admit that Plaintiffs purport in paragraph 195 to quote a  
23 transcript of the November 2015 Bank of America Merrill Lynch Banking and Financial Services  
24 Conference, but deny any characterizations of the quoted language, deny that the transcript quoted  
25 in paragraph 195 is accurate, complete, and unedited and respectfully refer the Court to the  
26 referenced document for its content. The Independent Directors are without knowledge or  
27 information sufficient to form a belief as to the truth of the remaining allegations of paragraph  
28 195, and on that basis deny them.

1           196. The Independent Directors admit that Wells Fargo utilized an EthicsLine for the  
2 reporting of unlawful conduct. The Independent Directors are without knowledge or information  
3 sufficient to form a belief as to the truth of the allegations of paragraph 196 pertaining to  
4 Defendant John G. Stumpf and the other Defendants, and on that basis deny them. The  
5 Independent Directors deny the remaining allegations of paragraph 196.

6           197. The Independent Directors admit that Plaintiffs purport in paragraph 197 to quote  
7 and paraphrase a September 2016 *New York Times* article, but deny any characterizations of the  
8 article, deny that the language quoted in paragraph 197 is accurate, complete, and unedited, and  
9 respectfully refer the Court to the referenced document for its content. The Independent Directors  
10 are without knowledge or information sufficient to form a belief as to the truth of the remaining  
11 allegations of paragraph 197, and on that basis deny them.

12           198. The Independent Directors admit that Plaintiffs purport in paragraph 198 to  
13 paraphrase a September 2016 CNN Money article, but deny any characterizations of the article  
14 and respectfully refer the Court to the referenced document for its content. The Independent  
15 Directors are without knowledge or information sufficient to form a belief as to the truth of the  
16 remaining allegations of paragraph 198, and on that basis deny them.

17           199. The Independent Directors admit that Plaintiffs purport in paragraph 199 to quote  
18 and paraphrase a September 2016 CNN Money article, but deny any characterizations of the  
19 article, deny that the language quoted in paragraph 199 is accurate, complete, and unedited, and  
20 respectfully refer the Court to the referenced document for its content. The Independent Directors  
21 are without knowledge or information sufficient to form a belief as to the truth of the remaining  
22 allegations of paragraph 199, and on that basis deny them.

23           200. The Independent Directors admit that Defendant John G. Stumpf testified before  
24 the Senate Banking Committee on September 20, 2016, and that Plaintiffs purport in paragraph  
25 200 to quote and paraphrase a transcript of Mr. Stumpf's testimony, but deny any characterizations  
26 of the article, deny that the language quoted in paragraph 200 is accurate, complete, and unedited,  
27 and respectfully refer the Court to the referenced transcript for its content. The Independent  
28 Directors are without knowledge or information sufficient to form a belief as to the truth of the



1 remaining allegations of paragraph 200, and on that basis deny them.

2         201. The Independent Directors admit that Plaintiffs purport in paragraph 201 to quote  
3 and paraphrase a September 2016 *New York Times* article, but deny any characterizations of the  
4 article, deny that the language quoted in paragraph 201 is accurate, complete, and unedited, and  
5 respectfully refer the Court to the referenced document for its content. The Independent Directors  
6 are without knowledge or information sufficient to form a belief as to the truth of the remaining  
7 allegations of paragraph 201, and on that basis deny them.

8         202. The Independent Directors admit that Plaintiffs purport in paragraph 202 to  
9 paraphrase a September 2016 *New York Times* article, but deny any characterizations of the article  
10 and respectfully refer the Court to the referenced document for its content. The Independent  
11 Directors are without knowledge or information sufficient to form a belief as to the truth of the  
12 remaining allegations of paragraph 202, and on that basis deny them.

13         203. The Independent Directors admit that Plaintiffs purport in paragraph 203 to  
14 paraphrase a September 2016 *New York Times* article, but deny any characterizations of the article  
15 and respectfully refer the Court to the referenced document for its content. The Independent  
16 Directors are without knowledge or information sufficient to form a belief as to the truth of the  
17 remaining allegations of paragraph 203, and on that basis deny them, except that the Independent  
18 Directors admit the allegations of footnote 111, which accompanies paragraph 203.

19         204. The Independent Directors admit that Plaintiffs purport in paragraph 204 to quote  
20 and paraphrase a September 2016 CNN Money article, but deny any characterizations of the  
21 article, deny that the language quoted in paragraph 204 is accurate, complete, and unedited, and  
22 respectfully refer the Court to the referenced document for its content. The Independent Directors  
23 are without knowledge or information sufficient to form a belief as to the truth of the remaining  
24 allegations of paragraph 204, and on that basis deny them.

25         205. The Independent Directors admit that Plaintiffs purport in paragraph 205 to quote  
26 and paraphrase an April 3, 2015, letter addressed to the Board, but deny any characterizations of  
27 the letter, deny that the language quoted in paragraph 205 is accurate, complete, and unedited, and  
28 respectfully refer the Court to the referenced document for its content. The Independent Directors

1 are without knowledge or information sufficient to form a belief as to the truth of the remaining  
2 allegations of paragraph 205, and on that basis deny them.

3 206. The Independent Directors admit that Plaintiffs purport in paragraph 206 to quote  
4 and paraphrase an alleged email by the Wells Fargo employee referenced in paragraph 205, sent to  
5 Wells Fargo's Board Communications Mailbox but not actually received by Board members, but  
6 deny any characterizations of the email, deny that the language quoted in paragraph 206 is  
7 accurate, complete, and unedited, and respectfully refer the Court to the referenced document for  
8 its content. The Independent Directors are without knowledge or information sufficient to form a  
9 belief as to the truth of the remaining allegations of paragraph 206, and on that basis deny them.

10 207. The Independent Directors admit that Plaintiffs purport in paragraph 207 to quote  
11 and paraphrase the alleged email referenced in paragraph 206, sent to Wells Fargo's Board  
12 Communications Mailbox but not actually received by Board members, but deny any  
13 characterizations of the email, deny that the language quoted in paragraph 207 is accurate,  
14 complete, and unedited, and respectfully refer the Court to the referenced document for its content.  
15 The Independent Directors are without knowledge or information sufficient to form a belief as to  
16 the truth of the remaining allegations of paragraph 207, and on that basis deny them.

17 208. To the extent the allegations contained in paragraph 208 constitute a legal  
18 conclusion, no responsive pleading is required. To the extent a response is required, the  
19 Independent Directors deny the allegations of paragraph 208. Additionally, the Independent  
20 Directors are without knowledge or information sufficient to form a belief as to the truth of the  
21 allegations of footnote 114, which accompanies paragraph 208, and on that basis deny them. To  
22 the extent that Plaintiffs in that footnote purport to paraphrase a February 2017 *San Francisco*  
23 *Chronicle* article, the Independent Directors respectfully refer the Court to the article for its  
24 content.

25 209. The Independent Directors admit that the Board's Audit and Examination  
26 Committee received certain high-level information pertaining to Wells Fargo's Internal  
27 Investigations group, EthicsLine, and suspicious activity reporting from at least 2011, including  
28 that certain of the reports discussed increases in sales integrity issues; that the Risk Committee

1 received reports from management regarding certain noteworthy risks, which later at certain times  
2 included sales conduct and practice issues affecting customers and management's efforts to  
3 address those risks; that the Human Resources Committee later at certain times received reports  
4 advising the committee that management was monitoring the sales practices issues; and that the  
5 Board at some point discussed sales integrity issues. The Independent Directors further admit that  
6 Plaintiffs in paragraph 209 purport to quote or paraphrase a transcript of Defendant John G.  
7 Stumpf's September 2016 testimony before the House Financial Services Committee and his and  
8 Wells Fargo's November 2016 written responses to questions posed by the Senate Banking  
9 Committee, but deny any characterizations of those documents, deny that the language quoted in  
10 paragraph 209 is accurate, complete, and unedited, and respectfully refer the Court to the  
11 referenced documents for their content. The Independent Directors deny the remaining allegations  
12 of paragraph 209.

13 210. The Independent Directors admit Plaintiffs in paragraph 210 purport to quote or  
14 paraphrase Defendant John G. Stumpf's and Wells Fargo's November 2016 written responses to  
15 questions posed by the Senate Banking Committee, but deny any characterizations of those  
16 responses, deny that the language quoted in paragraph 210 is accurate, complete, and unedited,  
17 deny the emphasis placed on certain portions of the quoted language in paragraph 210, and  
18 respectfully refer the Court to the referenced document for its content. The Independent Directors  
19 are without knowledge or information sufficient to form a belief as to the truth of the remaining  
20 allegations of paragraph 210, and on that basis deny them.

21 211. The Independent Directors admit Plaintiffs in paragraph 211 purport to quote or  
22 paraphrase a September 2007 letter allegedly sent to Defendant John G. Stumpf, but deny any  
23 characterizations of that letter, deny that the language quoted in paragraph 211 is accurate,  
24 complete, and unedited, and respectfully refer the Court to the referenced document for its content.  
25 The Independent Directors are without knowledge or information sufficient to form a belief as to  
26 the truth of the remaining allegations of paragraph 211, and on that basis deny them.

27 212. To the extent the allegations contained in paragraph 212 constitute a legal  
28 conclusion, no responsive pleading is required. To the extent a response is required, the

1 Independent Directors admit Plaintiffs in paragraph 212 purport to quote or paraphrase findings by  
2 the DOL, but deny any characterizations of those findings, deny that the language quoted in  
3 paragraph 212 is accurate, complete, and unedited, and respectfully refer the Court to the  
4 referenced findings for their content. The Independent Directors are without knowledge or  
5 information sufficient to form a belief as to the truth of the remaining allegations of paragraph  
6 212, and on that basis deny them.

7 213. The Independent Directors admit Plaintiffs in paragraph 213 purport to paraphrase  
8 a complaint filed in Montana federal court in 2009, but deny any characterizations of that  
9 complaint, and respectfully refer the Court to the referenced document for its content. The  
10 Independent Directors are without knowledge or information sufficient to form a belief as to the  
11 truth of the remaining allegations of paragraph 213, and on that basis deny them.

12 214. The Independent Directors admit Plaintiffs in paragraph 214 purport to paraphrase  
13 a complaint filed in the Northern District of California in 2010, but deny any characterizations of  
14 that complaint, and respectfully refer the Court to the referenced document for its content. The  
15 Independent Directors are without knowledge or information sufficient to form a belief as to the  
16 truth of the remaining allegations of paragraph 214, and on that basis deny them.

17 215. The Independent Directors admit Plaintiffs in paragraph 215 purport to quote an  
18 order filed in the action described in paragraph 214, but deny any characterizations of that order,  
19 and respectfully refer the Court to the referenced filing for its content. The Independent Directors  
20 admit that the 2010 action Plaintiffs purport to describe has not been explicitly referenced in Wells  
21 Fargo's public filings.

22 216. The Independent Directors admit that Plaintiffs purport in paragraph 216 to  
23 paraphrase a 2016 *New York Times* article, but deny any characterizations of the article and  
24 respectfully refer the Court to the referenced document for its content. The Independent Directors  
25 are without knowledge or information sufficient to form a belief as to the truth of the remaining  
26 allegations of paragraph 216, and on that basis deny them.

27 217. The Independent Directors admit Plaintiffs in paragraph 217 purport to paraphrase  
28 a complaint filed in South Carolina on October 25, 2012, but deny any characterizations of that

1 complaint, and respectfully refer the Court to the referenced document for its content. The  
2 Independent Directors are without knowledge or information sufficient to form a belief as to the  
3 truth of the remaining allegations of paragraph 217, and on that basis deny them.

4 218. The Independent Directors admit Plaintiffs in paragraph 218 purport to paraphrase  
5 a complaint filed in San Mateo County on October 3, 2013, but deny any characterizations of that  
6 complaint, and respectfully refer the Court to the referenced document for its content. The  
7 Independent Directors are without knowledge or information sufficient to form a belief as to the  
8 truth of the remaining allegations of paragraph 218, and on that basis deny them.

9 219. The Independent Directors deny the allegations of paragraph 219.

10 220. The Independent Directors understand that the OCC takes the position that its  
11 supervisory communications with Wells Fargo are privileged and confidential supervisory  
12 information (with the privilege owned and controlled by the OCC), and that no response is  
13 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
14 paragraph 220 by stating that they lack knowledge or information sufficient to form a belief as to  
15 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
16 content.

17 221. The Independent Directors understand that the OCC takes the position that its  
18 supervisory communications with Wells Fargo are privileged and confidential supervisory  
19 information (with the privilege owned and controlled by the OCC), and that no response is  
20 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
21 paragraph 221 by stating that they lack knowledge or information sufficient to form a belief as to  
22 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
23 content.

24 222. The Independent Directors understand that the OCC takes the position that its  
25 supervisory communications with Wells Fargo are privileged and confidential supervisory  
26 information (with the privilege owned and controlled by the OCC), and that no response is  
27 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
28 paragraph 222 by stating that they lack knowledge or information sufficient to form a belief as to

1 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
2 content.

3 223. The Independent Directors understand that the OCC takes the position that its  
4 supervisory communications with Wells Fargo are privileged and confidential supervisory  
5 information (with the privilege owned and controlled by the OCC), and that no response is  
6 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
7 paragraph 223 by stating that they lack knowledge or information sufficient to form a belief as to  
8 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
9 content.

10 224. The Independent Directors understand that the OCC takes the position that its  
11 supervisory communications with Wells Fargo are privileged and confidential supervisory  
12 information (with the privilege owned and controlled by the OCC), and that no response is  
13 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
14 paragraph 224 by stating that they lack knowledge or information sufficient to form a belief as to  
15 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
16 content.

17 225. The Independent Directors understand that the OCC takes the position that its  
18 supervisory communications with Wells Fargo are privileged and confidential supervisory  
19 information (with the privilege owned and controlled by the OCC), and that no response is  
20 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
21 paragraph 225 by stating that they lack knowledge or information sufficient to form a belief as to  
22 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
23 content.

24 226. The Independent Directors understand that the OCC takes the position that its  
25 supervisory communications with Wells Fargo are privileged and confidential supervisory  
26 information (with the privilege owned and controlled by the OCC), and that no response is  
27 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
28 paragraph 226 by stating that they lack knowledge or information sufficient to form a belief as to

1 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
2 content..

3 227. The Independent Directors understand that the OCC takes the position that its  
4 supervisory communications with Wells Fargo are privileged and confidential supervisory  
5 information (with the privilege owned and controlled by the OCC), and that no response is  
6 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
7 paragraph 227 by stating that they lack knowledge or information sufficient to form a belief as to  
8 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
9 content.

10 228. The Independent Directors understand that the OCC takes the position that its  
11 supervisory communications with Wells Fargo are privileged and confidential supervisory  
12 information (with the privilege owned and controlled by the OCC), and that no response is  
13 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
14 paragraph 228 by stating that they lack knowledge or information sufficient to form a belief as to  
15 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
16 content.

17 229. The Independent Directors understand that the OCC takes the position that its  
18 supervisory communications with Wells Fargo are privileged and confidential supervisory  
19 information (with the privilege owned and controlled by the OCC), and that no response is  
20 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
21 paragraph 229 by stating that they lack knowledge or information sufficient to form a belief as to  
22 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
23 content.

24 230. The Independent Directors understand that the OCC takes the position that its  
25 supervisory communications with Wells Fargo are privileged and confidential supervisory  
26 information (with the privilege owned and controlled by the OCC), and that no response is  
27 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
28 paragraph 230 by stating that they lack knowledge or information sufficient to form a belief as to



1 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
2 content.

3 231. The Independent Directors understand that the OCC takes the position that its  
4 supervisory communications with Wells Fargo are privileged and confidential supervisory  
5 information (with the privilege owned and controlled by the OCC), and that no response is  
6 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
7 paragraph 231 by stating that they lack knowledge or information sufficient to form a belief as to  
8 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
9 content.

10 232. The Independent Directors understand that the OCC takes the position that its  
11 supervisory communications with Wells Fargo are privileged and confidential supervisory  
12 information (with the privilege owned and controlled by the OCC), and that no response is  
13 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
14 paragraph 232 by stating that they lack knowledge or information sufficient to form a belief as to  
15 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
16 content.

17 233. The Independent Directors understand that the OCC takes the position that its  
18 supervisory communications with Wells Fargo are privileged and confidential supervisory  
19 information (with the privilege owned and controlled by the OCC), and that no response is  
20 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
21 paragraph 233 by stating that they lack knowledge or information sufficient to form a belief as to  
22 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
23 content.

24 234. The Independent Directors understand that the OCC takes the position that its  
25 supervisory communications with Wells Fargo are privileged and confidential supervisory  
26 information (with the privilege owned and controlled by the OCC), and that no response is  
27 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
28 paragraph 234 by stating that they lack knowledge or information sufficient to form a belief as to

1 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
2 content.

3 235. The Independent Directors understand that the OCC takes the position that its  
4 supervisory communications with Wells Fargo are privileged and confidential supervisory  
5 information (with the privilege owned and controlled by the OCC), and that no response is  
6 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
7 paragraph 235 by stating that they lack knowledge or information sufficient to form a belief as to  
8 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
9 content.

10 236. The Independent Directors admit that the OCC issued a consent order in September  
11 2016, and that Plaintiffs in paragraph 236 purport to quote and paraphrase that document, but deny  
12 any characterizations of the document, and respectfully refer the Court to the referenced document  
13 for its content. The Independent Directors deny the remaining allegations of paragraph 236.

14 237. The Independent Directors understand that the OCC takes the position that its  
15 supervisory communications with Wells Fargo are privileged and confidential supervisory  
16 information (with the privilege owned and controlled by the OCC), and that no response is  
17 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
18 paragraph 237 by stating that they lack knowledge or information sufficient to form a belief as to  
19 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
20 content.

21 238. To the extent the allegations contained in paragraph 238 constitute a legal  
22 conclusion, no responsive pleading is required. To the extent a response is required, the  
23 Independent Directors admit that the referenced Wells Fargo directors served on the Governance  
24 and Nominating Committee during all or part of the Relevant Period, as defined by the Complaint,  
25 and respectfully refer the Court to Wells Fargo's Governance and Nominating Committee Charter,  
26 which Plaintiffs purport to quote, for its content. The Independent Directors deny the remaining  
27 allegations of paragraph 238.

28 239. The Independent Directors deny the allegations of paragraph 239.

1           240. The Independent Directors admit that Plaintiffs in paragraph 240 purport to quote  
2 Wells Fargo's 2016 Annual Proxy Statement and describe certain other of the Company's proxy  
3 statements, including concerning the Board's recommendations within those documents regarding  
4 the vote on a shareholder proposal, but deny any characterizations of those recommendations and  
5 deny that quotations are accurate, complete, and unedited. The Independent Directors respectfully  
6 refer the Court to the 2005–2016 Annual Proxy Statements for their content and deny the  
7 remaining allegations of paragraph 240.

8           241. The Independent Directors admit that Plaintiffs in paragraph 241 purport to quote  
9 Wells Fargo's 2016 Annual Proxy Statement, but deny any characterizations of those quotations,  
10 and deny that quotations are accurate, complete, and unedited. The Independent Directors  
11 respectfully refer the Court to the 2016 Annual Proxy Statement for its content. The Independent  
12 Directors are without knowledge or information sufficient to form a belief as to the truth of the  
13 remaining allegations of paragraph 241, and on that basis deny them.

14           242. The Independent Directors admit that Plaintiffs in paragraph 242 purport to quote  
15 Wells Fargo's 2016 Annual Proxy Statement, but deny any characterizations of those quotations,  
16 and deny that quotations are accurate, complete, and unedited. The Independent Directors  
17 respectfully refer the Court to the 2016 Annual Proxy Statement for its content. The Independent  
18 Directors deny the remaining allegations of paragraph 242.

19           243. The Independent Directors admit that the Board recommended that shareholders  
20 vote against the referenced shareholder proposal in each proxy statement from 2005 to 2016, but  
21 deny any characterizations of those recommendations, and respectfully refer the Court to the  
22 2005–2016 Annual Proxy Statements for their content.

23           244. The Independent Directors are without knowledge or information sufficient to form  
24 a belief as to the truth of the allegations of paragraph 244, and on that basis deny them. To the  
25 extent Plaintiffs purport in paragraph 244 to quote or paraphrase a January 2017 *Wall Street*  
26 *Journal* article and a February 2017 letter from U.S. Senators to Defendant Timothy J. Sloan, the  
27 Independent Directors respectfully refer the Court to those documents for their content.

28           245. To the extent the allegations contained in paragraph 245 constitute a legal

1 conclusion, no responsive pleading is required. To the extent a response is required, the  
2 Independent Directors deny the allegations of paragraph 245.

3 246. To the extent the allegations contained in paragraph 246 constitute a legal  
4 conclusion, no responsive pleading is required. To the extent a response is required, the  
5 Independent Directors admit that Plaintiffs in paragraph 246 purport to paraphrase a September  
6 2016 consent order issued by the CFPB but deny any characterizations of that document, and  
7 respectfully refer the Court to the consent order for its content. The Independent Directors deny  
8 the remaining allegations of paragraph 246.

9 247. The Independent Directors admit that Plaintiffs in paragraph 247 purport to  
10 paraphrase and quote, respectively, transcripts of a September 29, 2016, House Financial Services  
11 Committee hearing and a September 20, 2016, Senate Banking Committee hearing, but deny any  
12 characterizations of those documents. The Independent Directors respectfully refer the Court to  
13 the transcripts for their content. The Independent Directors admit that certain records of the  
14 Company indicate that nearly 1,000 employees in the Company's retail banking sector were  
15 terminated for improper sales practices in 2011. The Independent Directors deny the remaining  
16 allegations of paragraph 247.

17 248. To the extent the allegations contained in paragraph 248 constitute a legal  
18 conclusion, no responsive pleading is required. To the extent a response is required, the  
19 Independent Directors admit that Plaintiffs in paragraph 248 purport to paraphrase a November 3,  
20 2016, letter from U.S. Senators to Defendant Timothy J. Sloan, but deny any characterizations of  
21 that letter. The Independent Directors are without knowledge or information sufficient to form a  
22 belief as to the truth of the remaining allegations of paragraph 248, and on that basis deny them.

23 249. To the extent the allegations contained in paragraph 249 constitute a legal  
24 conclusion, no responsive pleading is required. To the extent a response is required, the  
25 Independent Directors admit that Plaintiffs in paragraph 249 purport to paraphrase a November 3,  
26 2016, letter from U.S. Senators to Defendant Timothy J. Sloan, but deny any characterizations of  
27 that letter. The Independent Directors are without knowledge or information sufficient to form a  
28 belief as to the truth of the remaining allegations of paragraph 249, and on that basis deny them.

1           250. The Independent Directors admit that Plaintiffs in paragraph 250 purport to quote  
2 and paraphrase a November 3, 2016, letter from U.S. Senators to Defendant Timothy J. Sloan, but  
3 deny any characterizations of that letter. The Independent Directors are without knowledge or  
4 information sufficient to form a belief as to the truth of the remaining allegations of paragraph  
5 250, and on that basis deny them.

6           251. To the extent the allegations contained in paragraph 251 constitute a legal  
7 conclusion, no responsive pleading is required. To the extent a response is required, the  
8 Independent Directors admit that Plaintiffs in paragraph 251 purport to quote and paraphrase a  
9 November 3, 2016, letter from U.S. Senators to Defendant Timothy J. Sloan, but deny any  
10 characterizations of that letter. The Independent Directors deny the remaining allegations of  
11 paragraph 251.

12           252. The Independent Directors admit that Plaintiffs in paragraph 252 purport to  
13 paraphrase a November 3, 2016, letter from U.S. Senators to Defendant Timothy J. Sloan, but  
14 deny any characterizations of that letter. The Independent Directors are without knowledge or  
15 information sufficient to form a belief as to the truth of the remaining allegations of paragraph  
16 252, and on that basis deny them.

17           253. The Independent Directors admit that in or about August 2015 Wells Fargo through  
18 counsel engaged independent consultants to review matters relating to sales practices, including  
19 PwC to attempt to quantify the financial harm to customers stemming from potentially  
20 unauthorized accounts. The Independent Directors deny the remaining allegations of paragraph  
21 253.

22           254. The Independent Directors admit that in or about August 2015 Wells Fargo through  
23 counsel engaged PwC to attempt to quantify the financial harm to customers stemming from  
24 potentially unauthorized accounts, and that Plaintiffs in paragraph 254 purport to quote a transcript  
25 of a September 20, 2016, Senate Banking Committee hearing, but deny any characterizations of  
26 those quotations and that quotations are accurate, complete, and unedited, and respectfully refer  
27 the Court to the transcript for its content. The Independent Directors deny the remaining  
28 allegations of paragraph 254.

1           255. The Independent Directors admit that in or about August 2015 Wells Fargo through  
2 counsel engaged PwC to attempt to quantify the financial harm to customers stemming from  
3 potentially unauthorized accounts, that in February 2016 Wells Fargo began remediating deposit  
4 and credit card customers, and that Plaintiffs in paragraph 255 purport to quote a transcript of a  
5 September 20, 2016, Senate Banking Committee hearing, but deny any characterizations of those  
6 quotations and that quotations are accurate, complete, and unedited, and respectfully refer the  
7 Court to the transcript for its content. The Independent Directors deny the remaining allegations  
8 of paragraph 255.

9           256. The Independent Directors admit that PwC's review was initiated more than 18  
10 months after the December 2013 *Los Angeles Times* article, following the filing of the legal  
11 actions referenced in paragraph 256. The Independent Directors deny the remaining allegations of  
12 paragraph 256.

13           257. The Independent Directors admit that Wells Fargo has remediated affected  
14 customers and that PwC's findings were not publicly disclosed before September 2016. The  
15 Independent Directors deny the remaining allegations of paragraph 257.

16           258. The Independent Directors admit that Defendant John G. Stumpf testified before  
17 the Senate Banking Committee on September 20, 2016, and that Plaintiffs in paragraph 258  
18 purport to quote from a transcript of that hearing, but deny any characterizations of those  
19 quotations, and deny that quotations are accurate, complete, and unedited and respectfully refer the  
20 Court to the referenced transcript for its content. The Independent Directors deny the remaining  
21 allegations of paragraph 258.

22           259. The Independent Directors deny the allegations of paragraph 259.

23           260. The Independent Directors admit that Mr. Stumpf testified before the House  
24 Financial Services Committee on September 29, 2016, and that Plaintiffs in paragraph 260 purport  
25 to paraphrase a transcript of that hearing, but deny any characterizations of those quotations, and  
26 deny that quotations are accurate, complete, and unedited and respectfully refer the Court to the  
27 referenced transcript for its content. The Independent Directors deny the remaining allegations of  
28 paragraph 260.

1           261. The Independent Directors admit that the Board's Audit and Examination  
2 Committee received certain information pertaining to Wells Fargo's Internal Investigations group,  
3 EthicsLine, and suspicious activity reporting from at least 2011, including that certain of the  
4 reports discussed increases in sales integrity issues; that the Risk Committee received reports from  
5 management regarding certain noteworthy risks, which later at certain times included sales  
6 conduct and practice issues affecting customers and management's efforts to address those risks;  
7 that the Human Resources Committee later at certain times received reports advising the  
8 committee that management was monitoring the sales practices issues; and that the Board at some  
9 point discussed sales integrity issues. The Independent Directors further admit that Plaintiffs in  
10 paragraph 261 purport to quote Defendant John G. Stumpf's and Wells Fargo's November 2016  
11 written responses to questions posed by the Senate Banking Committee, but deny any  
12 characterizations of those documents, deny that the language quoted in paragraph 261 is accurate,  
13 complete, and unedited, deny the emphasis placed on certain portions of the quoted language in  
14 paragraph 261, and respectfully refer the Court to the referenced documents for their content.

15           262. The Independent Directors admit that Plaintiffs purport in paragraph 262 to quote a  
16 transcript of Defendant John G. Stumpf's testimony before the House Financial Services  
17 Committee, but deny any characterizations of that document, deny that the quotation is accurate,  
18 complete, and unedited, and respectfully refer the Court to the transcript for its content.

19           263. The Independent Directors deny the allegations of paragraph 263.

20           264. The Independent Directors admit that Plaintiffs purport in paragraph 264 to quote  
21 Wells Fargo's 2016 Annual Proxy Statement, but deny any characterizations of that document,  
22 deny that quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
23 portions of the quoted language in paragraph 264, and respectfully refer the Court to the document  
24 for its content.

25           265. The Independent Directors admit that Plaintiffs purport in paragraph 265 to  
26 paraphrase and quote Wells Fargo's 2016 Annual Proxy Statement, but deny any characterizations  
27 of that document, deny that quotations are accurate, complete, and unedited, and respectfully refer  
28 the Court to the document for its content.



1           266. The Independent Directors admit that Plaintiffs purport in paragraph 266 to  
2 paraphrase and quote Wells Fargo's 2016 Annual Proxy Statement, but deny any characterizations  
3 of that document, deny that quotations are accurate, complete, and unedited, and respectfully refer  
4 the Court to the document for its content. The Independent Directors deny the remaining  
5 allegations of paragraph 266.

6           267. The Independent Directors admit that Plaintiffs purport in paragraph 267 to  
7 paraphrase and quote Wells Fargo's 2016 Annual Proxy Statement, including proposals  
8 enumerated therein, but deny any characterizations of that document, deny that quotations are  
9 accurate, complete, and unedited, and respectfully refer the Court to the document for its content.  
10 The Independent Directors deny the remaining allegations of paragraph 267.

11           268. The Independent Directors admit that Plaintiffs purport in paragraph 268 to  
12 paraphrase and quote Wells Fargo's 2014 Annual Proxy Statement, but deny any characterizations  
13 of that document, deny that quotations are accurate, complete, and unedited, and respectfully refer  
14 the Court to the document for its content. The Independent Directors deny the remaining  
15 allegations of paragraph 268.

16           269. The Independent Directors admit that Plaintiffs purport in paragraph 269 to  
17 paraphrase and quote Wells Fargo's 2015 Annual Proxy Statement, but deny any characterizations  
18 of that document, deny that quotations are accurate, complete, and unedited, and respectfully refer  
19 the Court to the document for its content. The Independent Directors deny the remaining  
20 allegations of paragraph 269.

21           270. The Independent Directors admit that Plaintiffs purport in paragraph 270 to  
22 paraphrase and quote Wells Fargo's 2016 Annual Proxy Statement, but deny any characterizations  
23 of that document, deny that quotations are accurate, complete, and unedited, and respectfully refer  
24 the Court to the document for its content.

25           271. To the extent the allegations contained in paragraph 271 constitute a legal  
26 conclusion, no responsive pleading is required. To the extent a response is required, the  
27 Independent Directors deny the allegations of paragraph 271.

28           272. To the extent the allegations contained in paragraph 272 constitute a legal

1 conclusion, no responsive pleading is required. To the extent a response is required, the  
2 Independent Directors deny the allegations of paragraph 272.

3 273. The Independent Directors admit that Wells Fargo's 2014 Annual Proxy Statement  
4 was filed on March 18, 2014, that Defendant James H. Quigley signed Wells Fargo's 2014 Form  
5 10-K on behalf of himself and all other then-current Independent Directors, who duly executed  
6 powers of attorney empowering him to so sign,, that the Company's Audit and Examination  
7 Committee approved a resolution recommending to the Board that the Company's 2014 audited  
8 financial statements be included in the Form 10-K, and that Plaintiffs purport in paragraph 273 to  
9 paraphrase that filing, but deny any characterizations of the document, and respectfully refer the  
10 Court to the document for its content. The Independent Directors deny the remaining allegations  
11 of paragraph 273.

12 274. The Independent Directors admit that Plaintiffs purport in paragraph 274 to quote  
13 Wells Fargo's 2014 Annual Proxy Statement, but deny any characterizations of that document,  
14 deny that quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
15 portions of the quoted language in paragraph 274, and respectfully refer the Court to the document  
16 for its content.

17 275. The Independent Directors admit that Plaintiffs purport in paragraph 275 to quote  
18 Wells Fargo's 2014 Annual Proxy Statement, but deny any characterizations of that document,  
19 deny that quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
20 portions of the quoted language in paragraph 275, and respectfully refer the Court to the document  
21 for its content.

22 276. The Independent Directors admit that Plaintiffs purport in paragraph 276 to quote  
23 Wells Fargo's 2014 Annual Proxy Statement, but deny any characterizations of that document,  
24 deny that quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
25 portions of the quoted language in paragraph 276, and respectfully refer the Court to the document  
26 for its content.

27 277. The Independent Directors admit that Plaintiffs purport in paragraph 277 to  
28 paraphrase Wells Fargo's 2014 Annual Proxy Statement, but deny any characterizations of that

1 document, and respectfully refer the Court to the document for its content.

2 278. The Independent Directors admit that Plaintiffs purport in paragraph 278 to  
3 paraphrase Wells Fargo's 2014 Annual Proxy Statement, but deny any characterizations of that  
4 document, and respectfully refer the Court to the document for its content. The Independent  
5 Directors deny the remaining allegations of paragraph 278.

6 279. To the extent the allegations contained in paragraph 279 constitute a legal  
7 conclusion, no responsive pleading is required. To the extent a response is required, the  
8 Independent Directors deny the allegations of paragraph 279.

9 280. The Independent Directors admit that Plaintiffs purport in paragraph 280 to quote  
10 Wells Fargo's 2014 Annual Proxy Statement, but deny any characterizations of that document,  
11 deny that quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
12 portions of the quoted language in paragraph 280, and respectfully refer the Court to the document  
13 for its content. The Independent Directors deny the remaining allegations of paragraph 280.

14 281. To the extent the allegations contained in paragraph 281 constitute a legal  
15 conclusion, no responsive pleading is required. To the extent a response is required, the  
16 Independent Directors admit that Plaintiffs purport in paragraph 281 to paraphrase Wells Fargo's  
17 2014 Annual Proxy Statement, but deny any characterizations of that document, and respectfully  
18 refer the Court to the document for its content. The Independent Directors deny the remaining  
19 allegations of paragraph 281.

20 282. To the extent the allegations contained in paragraph 282 constitute a legal  
21 conclusion, no responsive pleading is required. To the extent a response is required, the  
22 Independent Directors deny the allegations of paragraph 282.

23 283. The Independent Directors admit that Plaintiffs purport in paragraph 283 to quote  
24 Wells Fargo's 2014 Annual Proxy Statement, but deny any characterizations of that document,  
25 deny that quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
26 portions of the quoted language in paragraph 283, and respectfully refer the Court to the document  
27 for its content.

28 284. To the extent the allegations contained in paragraph 284 constitute a legal

1 conclusion, no responsive pleading is required. To the extent a response is required, the  
2 Independent Directors admit that Plaintiffs purport in paragraph 284 to paraphrase Wells Fargo's  
3 2014 Annual Proxy Statement, but deny any characterizations of that document, and respectfully  
4 refer the Court to the document for its content. The Independent Directors deny the remaining  
5 allegations of paragraph 284.

6 285. To the extent the allegations contained in paragraph 285 constitute a legal  
7 conclusion, no responsive pleading is required. To the extent a response is required, the  
8 Independent Directors deny the allegations of paragraph 285.

9 286. The Independent Directors admit that Wells Fargo's 2015 Annual Proxy Statement  
10 was filed on March 17, 2015, that Defendant James H. Quigley signed Wells Fargo's 2015 Form  
11 10-K on behalf of himself and all other then-current Independent Directors, who duly executed  
12 powers of attorney empowering him to so sign, that the Company's Audit and Examination  
13 Committee approved a resolution recommending to the Board that the Company's 2015 audited  
14 financial statements be included in the Form 10-K, and that Plaintiffs purport in paragraph 286 to  
15 paraphrase that filing, but deny any characterizations of the document, and respectfully refer the  
16 Court to the document for its content. The Independent Directors deny the remaining allegations  
17 of paragraph 286.

18 287. The Independent Directors admit that Plaintiffs purport in paragraph 287 to quote  
19 Wells Fargo's 2015 Annual Proxy Statement, but deny any characterizations of that document,  
20 deny that quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
21 portions of the quoted language in paragraph 287, and respectfully refer the Court to the document  
22 for its content.

23 288. The Independent Directors admit that Plaintiffs purport in paragraph 288 to quote  
24 Wells Fargo's 2015 Annual Proxy Statement, but deny any characterizations of that document,  
25 deny that quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
26 portions of the quoted language in paragraph 288, and respectfully refer the Court to the document  
27 for its content.

28 289. To the extent the allegations contained in paragraph 289 constitute a legal

1 conclusion, no responsive pleading is required. To the extent a response is required, the  
2 Independent Directors admit that Plaintiffs purport in paragraph 289 to paraphrase Wells Fargo's  
3 2015 Annual Proxy Statement, but deny any characterizations of that document, and respectfully  
4 refer the Court to the document for its content. The Independent Directors deny the remaining  
5 allegations of paragraph 289.

6 290. The Independent Directors admit that Plaintiffs purport in paragraph 290 to  
7 paraphrase Wells Fargo's 2015 Annual Proxy Statement, but deny any characterizations of that  
8 document, and respectfully refer the Court to the document for its content. The Independent  
9 Directors deny the remaining allegations of paragraph 290.

10 291. To the extent the allegations contained in paragraph 291 constitute a legal  
11 conclusion, no responsive pleading is required. To the extent a response is required, the  
12 Independent Directors deny the allegations of paragraph 291.

13 292. The Independent Directors admit that Plaintiffs purport in paragraph 292 to quote  
14 Wells Fargo's 2015 Annual Proxy Statement, but deny any characterizations of that document,  
15 deny that quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
16 portions of the quoted language in paragraph 292, and respectfully refer the Court to the document  
17 for its content.

18 293. To the extent the allegations contained in paragraph 293 constitute a legal  
19 conclusion, no responsive pleading is required. To the extent a response is required, the  
20 Independent Directors admit that Plaintiffs purport in paragraph 293 to paraphrase Wells Fargo's  
21 2015 Annual Proxy Statement, but deny any characterizations of that document, and respectfully  
22 refer the Court to the document for its content. The Independent Directors deny the remaining  
23 allegations of paragraph 293.

24 294. To the extent the allegations contained in paragraph 294 constitute a legal  
25 conclusion, no responsive pleading is required. To the extent a response is required, the  
26 Independent Directors deny the allegations of paragraph 294.

27 295. The Independent Directors admit that Plaintiffs purport in paragraph 295 to quote  
28 Wells Fargo's 2015 Annual Proxy Statement, but deny any characterizations of that document,

1 deny that quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
2 portions of the quoted language in paragraph 295, and respectfully refer the Court to the document  
3 for its content.

4 296. To the extent the allegations contained in paragraph 296 constitute a legal  
5 conclusion, no responsive pleading is required. To the extent a response is required, the  
6 Independent Directors admit that Plaintiffs purport in paragraph 296 to paraphrase Wells Fargo's  
7 2015 Annual Proxy Statement, but deny any characterizations of that document, and respectfully  
8 refer the Court to the document for its content. The Independent Directors deny the remaining  
9 allegations of paragraph 296.

10 297. To the extent the allegations contained in paragraph 297 constitute a legal  
11 conclusion, no responsive pleading is required. To the extent a response is required, the  
12 Independent Directors deny the allegations of paragraph 297.

13 298. The Independent Directors admit that Wells Fargo's 2016 Annual Proxy Statement  
14 was filed on March 16, 2016, that Defendant James H. Quigley signed Wells Fargo's 2016 Form  
15 10-K on behalf of himself and all other then-current Independent Directors, who duly executed  
16 powers of attorney empowering him to so sign, that the Company's Audit and Examination  
17 Committee approved a resolution recommending to the Board that the Company's 2016 audited  
18 financial statements be included in the Form 10-K, and that Plaintiffs purport in paragraph 298 to  
19 paraphrase that filing, but deny any characterizations of the document, and respectfully refer the  
20 Court to the document for its content.

21 299. The Independent Directors admit that Plaintiffs purport in paragraph 299 to quote  
22 Wells Fargo's 2016 Annual Proxy Statement, but deny any characterizations of that document,  
23 deny that quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
24 portions of the quoted language in paragraph 299, and respectfully refer the Court to the document  
25 for its content.

26 300. The Independent Directors admit that Plaintiffs purport in paragraph 300 to quote  
27 Wells Fargo's 2016 Annual Proxy Statement, but deny any characterizations of that document,  
28 deny that quotations are accurate, complete, and unedited, deny the emphasis placed on certain

1 portions of the quoted language in paragraph 300, and respectfully refer the Court to the document  
2 for its content.

3 301. To the extent the allegations contained in paragraph 301 constitute a legal  
4 conclusion, no responsive pleading is required. To the extent a response is required, the  
5 Independent Directors admit that Plaintiffs purport in paragraph 301 to paraphrase Wells Fargo's  
6 2016 Annual Proxy Statement, but deny any characterizations of that document, and respectfully  
7 refer the Court to the document for its content. The Independent Directors deny the remaining  
8 allegations of paragraph 301.

9 302. The Independent Directors admit that Plaintiffs purport in paragraph 302 to  
10 paraphrase Wells Fargo's 2016 Annual Proxy Statement, but deny any characterizations of that  
11 document, and respectfully refer the Court to the document for its content. The Independent  
12 Directors deny the remaining allegations of paragraph 302.

13 303. The Independent Directors admit that the 2016 Annual Proxy Statement does not  
14 make reference to the action filed by the Los Angeles City Attorney against Wells Fargo. The  
15 Independent Directors deny the remaining allegations of paragraph 303.

16 304. To the extent the allegations contained in paragraph 304 constitute a legal  
17 conclusion, no responsive pleading is required. To the extent a response is required, the  
18 Independent Directors deny the allegations of paragraph 304.

19 305. To the extent the allegations contained in paragraph 305 constitute a legal  
20 conclusion, no responsive pleading is required. To the extent a response is required, the  
21 Independent Directors deny the allegations of paragraph 305.

22 306. The Independent Directors admit that Plaintiffs purport in paragraph 306 to quote  
23 Wells Fargo's 2016 Annual Proxy Statement, but deny any characterizations of that document,  
24 deny that quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
25 portions of the quoted language in paragraph 306, and respectfully refer the Court to the document  
26 for its content.

27 307. To the extent the allegations contained in paragraph 307 constitute a legal  
28 conclusion, no responsive pleading is required. To the extent a response is required, the



1 Independent Directors admit that Plaintiffs purport in paragraph 307 to paraphrase Wells Fargo's  
2 2016 Annual Proxy Statement, but deny any characterizations of that document, and respectfully  
3 refer the Court to the document for its content. The Independent Directors deny the remaining  
4 allegations of paragraph 307.

5 308. To the extent the allegations contained in paragraph 308 constitute a legal  
6 conclusion, no responsive pleading is required. To the extent a response is required, the  
7 Independent Directors deny the allegations of paragraph 308.

8 309. The Independent Directors admit that Plaintiffs purport in paragraph 309 to quote  
9 Wells Fargo's 2016 Annual Proxy Statement, but deny any characterizations of that document,  
10 deny that quotations are accurate, complete, and unedited, and respectfully refer the Court to the  
11 document for its content.

12 310. To the extent the allegations contained in paragraph 310 constitute a legal  
13 conclusion, no responsive pleading is required. To the extent a response is required, the  
14 Independent Directors admit that Plaintiffs purport in paragraph 310 to paraphrase Wells Fargo's  
15 2016 Annual Proxy Statement, but deny any characterizations of that document, and respectfully  
16 refer the Court to the document for its content. The Independent Directors deny the remaining  
17 allegations of paragraph 310.

18 311. To the extent the allegations contained in paragraph 311 constitute a legal  
19 conclusion, no responsive pleading is required. To the extent a response is required, the  
20 Independent Directors deny the allegations of paragraph 311.

21 312. To the extent the allegations contained in paragraph 312 constitute a legal  
22 conclusion, no responsive pleading is required. To the extent a response is required, the  
23 Independent Directors deny the allegations of paragraph 312.

24 313. The Independent Directors deny the allegations of paragraph 313.

25 314. The Independent Directors admit that the Board has authorized Wells Fargo to  
26 repurchase its own shares of common stock, and that several such share repurchases were  
27 authorized during the Relevant Period, as defined in the Complaint. The Independent Directors  
28 are without knowledge or information sufficient to form a belief as to the truth the remaining

1 allegations of paragraph 314, and on that basis deny them.

2 315. The Independent Directors admit that the Board authorized the repurchase of 200  
3 million shares of Wells Fargo stock in March 2011; 200 million shares of Wells Fargo stock in  
4 October 2012; 350 million shares of Wells Fargo stock in 2014; and 350 million shares of Wells  
5 Fargo stock in January 2016, and that those authorizations represented approximately 3.8%, 3.8%,  
6 6.6%, and 6.9% of the Company's then-outstanding shares, respectively. The Independent  
7 Directors deny the remaining allegations of paragraph 315.

8 316. The Independent Directors admit that the share repurchase figures Plaintiffs purport  
9 to excerpt in paragraph 316 accurately reflect the figures publicly disclosed by Wells Fargo,  
10 except that the Independent Directors deny that the figures corresponding to November 2014 and  
11 October 2015 accurately reflect publicly filed figures, and deny that Wells Fargo repurchased  
12 between October 2011 and September 2016 approximately 772 million shares of stock, or that it  
13 paid over \$35 billion for them. The Independent Directors are without knowledge or information  
14 sufficient to form a belief as to the truth the remaining allegations of paragraph 316, and on that  
15 basis deny them.

16 317. To the extent the allegations contained in paragraph 317 constitute a legal  
17 conclusion, no responsive pleading is required. To the extent a response is required, the  
18 Independent Directors deny the allegations of paragraph 317.

19 318. The Independent Directors admit that the referenced Wells Fargo directors served  
20 on the Finance Committee and the Board, respectively, as of the dates referenced by Plaintiffs in  
21 paragraph 318, and that the Board authorized share repurchases in October 2012, March 2014, and  
22 January 2016. Regarding the responsibilities of the Finance Committee described in paragraph  
23 318, the Independent Directors respectfully refer the Court to Wells Fargo's Finance Committee  
24 Charter, which sets forth those responsibilities, for its content. The Independent Directors deny  
25 the remaining allegations of paragraph 318.

26 319. The Independent Directors admit that Plaintiffs in paragraph 319 purport to  
27 paraphrase and quote Wells Fargo's 2016 Annual Proxy Statement, but deny any characterizations  
28 of that document, deny that quotations are contained within that document, accurate, complete,

1 and unedited, and respectfully refer the Court to the document for its content. The Independent  
2 Directors deny the remaining allegations of paragraph 319.

3 320. To the extent the allegations contained in paragraph 320 constitute a legal  
4 conclusion, no responsive pleading is required. To the extent a response is required, the  
5 Independent Directors deny the allegations of paragraph 320, except that the Independent  
6 Directors admit that Plaintiffs purport to quote a transcript of a September 20, 2016, Senate  
7 Banking Committee hearing, and respectfully refer the Court to the transcript for its content.

8 321. To the extent the allegations contained in paragraph 321 constitute a legal  
9 conclusion, no responsive pleading is required. To the extent a response is required, the  
10 Independent Directors deny the allegations of paragraph 321.

11 322. To the extent the allegations contained in paragraph 322 constitute a legal  
12 conclusion, no responsive pleading is required. To the extent a response is required, the  
13 Independent Directors deny the allegations of paragraph 322, except that the Independent  
14 Directors admit that Plaintiffs purport to quote a September 28, 2016, letter from certain U.S.  
15 Senators to the SEC, and respectfully refer the Court to the letter for its content.

16 323. To the extent the allegations contained in paragraph 323 constitute a legal  
17 conclusion, no responsive pleading is required. To the extent a response is required, the  
18 Independent Directors deny the allegations of paragraph 323, except that the Independent  
19 Directors admit that Plaintiffs purport to quote a September 28, 2016, letter from certain U.S.  
20 Senators to the SEC, and respectfully refer the Court to the letter for its content.

21 324. To the extent the allegations contained in paragraph 324 constitute a legal  
22 conclusion, no responsive pleading is required. To the extent a response is required, the  
23 Independent Directors are without knowledge or information sufficient to form a belief as to the  
24 truth of the remaining allegations of paragraph 324, and on that basis deny them, except that the  
25 Independent Directors admit that Plaintiffs purport to quote a September 28, 2016, letter from  
26 certain U.S. Senators to the SEC, and respectfully refer the Court to the letter for its content.

27 325. To the extent the allegations contained in paragraph 325 constitute a legal  
28 conclusion, no responsive pleading is required. To the extent a response is required, the

1 Independent Directors are without knowledge or information sufficient to form a belief as to the  
2 truth of the remaining allegations of paragraph 325, and on that basis deny them, except that the  
3 Independent Directors admit that Plaintiffs purport to quote a September 28, 2016, letter from  
4 certain U.S. Senators to the SEC, and respectfully refer the Court to the letter for its content.

5 326. To the extent the allegations contained in paragraph 326 constitute a legal  
6 conclusion, no responsive pleading is required. To the extent a response is required, the  
7 Independent Directors admit that Plaintiffs purport to quote a September 28, 2016, letter from  
8 certain U.S. Senators to the SEC, and respectfully refer the Court to the letter for its content. The  
9 Independent Directors deny the remaining allegations of paragraph 326.

10 327. The Independent Directors deny the allegations of paragraph 327.

11 328. The Independent Directors admit that Plaintiffs purport in paragraph 328 to quote  
12 Wells Fargo's Q3 2011 Form 10-Q, and to paraphrase (according to footnote 165, which  
13 accompanies paragraph 328) all of the Company's filings during the Relevant Period, as defined  
14 by the Complaint, but deny any characterizations of those documents, deny that the quotation are  
15 accurate, complete, and unedited, and respectfully refer the Court to Wells Fargo's public filings  
16 for their content.

17 329. The Independent Directors admit that Plaintiffs purport in paragraph 329 to quote  
18 Wells Fargo's 2011 Annual Report, and in footnote 167, which accompanies paragraph 329, to  
19 quote the transcripts of earnings calls from Q3 2011, Q4 2011, Q1 2012, Q2 2012, Q3 2012, and  
20 Q1 201. The Independent Directors deny any characterizations of those documents, deny that the  
21 quotation are accurate, complete, and unedited, deny the emphasis placed on certain portions of  
22 the quoted language in paragraph 329, and respectfully refer the Court to the referenced  
23 documents for their content. The Independent Directors deny the remaining allegations of  
24 paragraph 329.

25 330. The Independent Directors admit that Plaintiffs purport in paragraph 330 to quote a  
26 January 10, 2012, Morningstar analyst report, but deny any characterizations of that document,  
27 deny that the quotations are contained in that document, accurate, complete, and unedited, deny  
28 the emphasis placed on certain portions of the quoted language in paragraph 330, and respectfully

1 refer the Court to the referenced document for its content. The Independent Directors deny the  
2 remaining allegations of paragraph 330.

3 331. The Independent Directors admit that Plaintiffs purport in paragraph 331 to quote a  
4 transcript of a May 22, 2012, Wells Fargo Investor Day presentation, but deny any  
5 characterizations of that document, deny that the quotations are accurate, complete, and unedited,  
6 deny the emphasis placed on certain portions of the quoted language in paragraph 331, and  
7 respectfully refer the Court to the referenced document for its content.

8 332. The Independent Directors admit that Plaintiffs purport in paragraph 332 to quote a  
9 transcript of a May 22, 2012, Wells Fargo Investor Day presentation, but deny any  
10 characterizations of that document, deny that the quotations are accurate, complete, and unedited,  
11 deny the emphasis placed on certain portions of the quoted language in paragraph 332, and  
12 respectfully refer the Court to the referenced document for its content.

13 333. The Independent Directors admit that Plaintiffs purport in paragraph 333 to quote  
14 Wells Fargo's 2012 Form 10-K, and to paraphrase (according to footnote 169, which accompanies  
15 paragraph 333) all of the Company's filings during the Relevant Period, as defined by the  
16 Complaint but deny any characterizations of that document, deny that the quotations are accurate,  
17 complete, and unedited, and respectfully refer the Court to Wells Fargo's public filings for their  
18 content. The Independent Directors deny the remaining allegations of paragraph 333.

19 334. The Independent Directors admit that Plaintiffs purport in paragraph 334 to quote  
20 Wells Fargo's Q3 2012 Form 10-Q, but deny any characterizations of that document, deny that the  
21 quotations are accurate, complete, and unedited, deny the emphasis placed on certain portions of  
22 the quoted language in paragraph 334, and respectfully refer the Court to the referenced document  
23 for its content. The Independent Directors deny the remaining allegations of paragraph 334.

24 335. The Independent Directors admit that Plaintiffs purport in paragraph 335 to  
25 paraphrase or quote the CFPB's September 2016 Consent Order and a transcript and presentation  
26 from a February 13, 2013, Credit Suisse Financial Services Forum, but deny any characterizations  
27 of those documents, deny that the quotations are accurate, complete, and unedited, deny the  
28 emphasis placed on certain portions of the quoted language in paragraph 335, and respectfully

1 refer the Court to the referenced documents for their content. The Independent Directors deny the  
2 remaining allegations of paragraph 335.

3 336. The Independent Directors admit that Plaintiffs purport in paragraph 336 to quote a  
4 transcript of Wells Fargo's Q1 2013 earnings call, and, in footnote 171, which accompanies  
5 paragraph 336, a transcript of the Company's Q2 2013 earnings call, but deny any  
6 characterizations of those documents, deny that the quotations are accurate, complete, and  
7 unedited, deny the emphasis placed on certain portions of the quoted language in paragraph 336,  
8 and respectfully refer the Court to the referenced documents for their content. The Independent  
9 Directors are without knowledge or information sufficient to form a belief as to the truth of the  
10 remaining allegations of paragraph 336, and on that basis deny them.

11 337. The Independent Directors admit that Plaintiffs purport in paragraph 337 to quote  
12 an April 12, 2013, Morningstar analyst report, but deny any characterizations of that document,  
13 deny that the quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
14 portions of the quoted language in paragraph 337, and respectfully refer the Court to the  
15 referenced document for its content. The Independent Directors are without knowledge or  
16 information sufficient to form a belief as to the truth of the remaining allegations of paragraph  
17 337, and on that basis deny them.

18 338. The Independent Directors admit that Plaintiffs purport in paragraph 338 to quote a  
19 transcript of Barclays' May 21, 2013, Americas Select Franchise Conference, but deny any  
20 characterizations of that document, deny that the quotations are accurate, complete, and unedited,  
21 and respectfully refer the Court to the referenced document for its content.

22 339. To the extent the allegations contained in paragraph 339 constitute a legal  
23 conclusion, no responsive pleading is required. To the extent a response is required, the  
24 Independent Directors admit that Plaintiffs purport in paragraph 339 to quote a transcript of Wells  
25 Fargo's Q2 2013 earnings call, but deny any characterizations of that document, deny that the  
26 quotations are accurate, complete, and unedited, deny the emphasis placed on certain portions of  
27 the quoted language in paragraph 339, and respectfully refer the Court to the referenced document  
28 for its content. The Independent Directors deny the remaining allegations of paragraph 339.

1           340. The Independent Directors admit that Plaintiffs purport in paragraph 340 to quote a  
2 transcript of Wells Fargo's Q3 2013 earnings call, but deny any characterizations of that  
3 document, deny that the quotations are accurate, complete, and unedited, deny the emphasis  
4 placed on certain portions of the quoted language in paragraph 340, and respectfully refer the  
5 Court to the referenced document for its content.

6           341. The Independent Directors admit that Plaintiffs purport in paragraph 341 to quote a  
7 transcript of Wells Fargo's Q4 2013 earnings call, but deny any characterizations of that  
8 document, deny that the quotations are accurate, complete, and unedited, deny the emphasis  
9 placed on certain portions of the quoted language in paragraph 341, and respectfully refer the  
10 Court to the referenced document for its content. The Independent Directors are without  
11 knowledge or information sufficient to form a belief as to the truth of the remaining allegations of  
12 paragraph 341, and on that basis deny them.

13           342. The Independent Directors admit that Plaintiffs purport in paragraph 342 to quote a  
14 transcript of or presentation from Goldman Sachs' December 10, 2013, Financial Services  
15 Conference, but deny any characterizations of that document, deny that the quotations are  
16 accurate, complete, and unedited, and respectfully refer the Court to the referenced document for  
17 its content. The Independent Directors admit that the December 2013 Los Angeles Times article  
18 was published subsequent to the Goldman Sachs conference. The Independent Directors are  
19 without knowledge or information sufficient to form a belief as to the truth of the remaining  
20 allegations of paragraph 342, and on that basis deny them.

21           343. The Independent Directors admit that Plaintiffs purport in paragraph 343 to quote a  
22 January 14, 2014, Morningstar analyst report, but deny any characterizations of that document,  
23 deny that the quotations are accurate, complete, and unedited, and respectfully refer the Court to  
24 the referenced document for its content. The Independent Directors are without knowledge or  
25 information sufficient to form a belief as to the truth of the remaining allegations of paragraph  
26 343, and on that basis deny them.

27           344. The Independent Directors admit that Plaintiffs purport in paragraph 344 to quote  
28 Wells Fargo's 2013 or 2014 Form 10-K, but deny any characterizations of those documents, deny



1 that the quotations are accurate, complete, and unedited, and respectfully refer the Court to the  
2 referenced documents for their content. The Independent Directors deny the remaining allegations  
3 of paragraph 344.

4 345. The Independent Directors admit that Wells Fargo issued a press release on April  
5 11, 2014, which Plaintiffs purport in paragraph 345 to quote, but deny any characterizations of  
6 that document, deny that the quotations are accurate, complete, and unedited, and respectfully  
7 refer the Court to the referenced document for its content. The Independent Directors are without  
8 knowledge or information sufficient to form a belief as to the truth of the remaining allegations of  
9 paragraph 345, and on that basis deny them.

10 346. The Independent Directors admit that Plaintiffs purport in paragraph 346 to quote a  
11 transcript of Wells Fargo's Q1 2014 earnings call, but deny any characterizations of that  
12 document, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
13 Court to the transcript for its content.

14 347. The Independent Directors admit that Plaintiffs purport in paragraph 347 to quote  
15 Wells Fargo's Q1 2014 Form 10-Q, but deny any characterizations of that document, deny that the  
16 quotations are accurate, complete, and unedited, deny the emphasis placed on certain portions of  
17 the quoted language in paragraph 347, and respectfully refer the Court to the referenced document  
18 for its content.

19 348. The Independent Directors admit that Plaintiffs purport in paragraph 348 to quote  
20 an April 30, 2014, Morningstar analyst report, but deny any characterizations of that document,  
21 deny that the quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
22 portions of the quoted language in paragraph 348, and respectfully refer the Court to the  
23 referenced document for its content.

24 349. The Independent Directors admit that Plaintiffs purport in paragraph 349 to quote a  
25 transcript of Wells Fargo's May 20, 2014, Investor Day conference, and in footnote 176, which  
26 accompanies paragraph 349, to paraphrase and quote a transcript of Barclays' September 10, 2014,  
27 Global Financial Services Conference, but deny any characterizations of those documents, deny  
28 that the quotations are accurate, complete, and unedited, and respectfully refer the Court to the

1 referenced transcripts for their content.

2           350. The Independent Directors admit that Plaintiffs purport in paragraph 350 to quote a  
3 transcript of Wells Fargo's May 20, 2014, Investor Day conference, but deny any characterizations  
4 of that document, deny that the quotations are accurate, complete, and unedited, deny the emphasis  
5 placed on certain portions of the quoted language in paragraph 350, and respectfully refer the  
6 Court to the referenced document for its content.

7           351. The Independent Directors admit that Plaintiffs purport in paragraph 351 to quote a  
8 transcript of Wells Fargo's May 20, 2014, Investor Day conference, but deny any characterizations  
9 of that document, deny that the quotations are accurate, complete, and unedited, and respectfully  
10 refer the Court to the referenced document for its content.

11           352. The Independent Directors admit that Plaintiffs purport in paragraph 352 to quote a  
12 May 21, 2014, UBS analyst report, but deny any characterizations of that document, deny that the  
13 quotations are accurate, complete, and unedited, deny the emphasis placed on certain portions of  
14 the quoted language in paragraph 352, and respectfully refer the Court to the referenced document  
15 for its content.

16           353. The Independent Directors admit that Plaintiffs purport in paragraph 353 to quote  
17 Wells Fargo's Q3 2014 Form 10-Q, but deny any characterizations of that document, deny that the  
18 quotations are accurate, complete, and unedited, and respectfully refer the Court to the referenced  
19 document for its content.

20           354. The Independent Directors admit that Plaintiffs purport in paragraph 354 to quote  
21 and paraphrase a transcript of Wells Fargo's Q3 2014 earnings call, but deny any characterizations  
22 of that document, deny that the quotations are accurate, complete, and unedited, and respectfully  
23 refer the Court to the referenced document for its content.

24           355. The Independent Directors admit that Plaintiffs purport in paragraph 355 to quote a  
25 November 5, 2014, RBC Capital Markets analyst report, but deny any characterizations of that  
26 document, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
27 Court to the referenced document for its content. The Independent Directors are without  
28 knowledge or information sufficient to form a belief as to the truth of the remaining allegations of

1 paragraph 355, and on that basis deny them.

2 356. The Independent Directors admit that Plaintiffs purport in paragraph 356 to quote  
3 January 14, 2015, Morningstar analyst report, but deny any characterizations of that document,  
4 deny that the quotations are accurate, complete, and unedited, and respectfully refer the Court to  
5 the referenced document for its content.

6 357. The Independent Directors admit that Plaintiffs purport in paragraph 357 to quote a  
7 transcript of Wells Fargo's Q4 2014 earnings call, but deny any characterizations of that  
8 document, deny that the quotations is accurate, complete, and unedited, and respectfully refer the  
9 Court to the referenced document for its content. The Independent Directors deny the remaining  
10 allegations of paragraph 357.

11 358. The Independent Directors admit that Defendant James H. Quigley signed Wells  
12 Fargo's 2014 Form 10-K on behalf of himself and all other then-current Independent Directors,  
13 who duly executed powers of attorney empowering him to so sign, and that the Company's Audit  
14 and Examination Committee approved a resolution recommending to the Board that the  
15 Company's 2015 audited financial statements be included in the Form 10-K. The Independent  
16 Directors further admit that Plaintiffs purport in paragraph 358 to quote either Wells Fargo's 2014  
17 or 2015 Form 10-K, but deny any characterizations of those documents, deny that the quotations  
18 are accurate, complete, and unedited, and respectfully refer the Court to the referenced documents  
19 for their content. The Independent Directors deny the remaining allegations of paragraph 358.

20 359. The Independent Directors admit that Plaintiffs purport in paragraph 359 to quote  
21 an April 14, 2015, Morningstar analyst report, but deny any characterizations of that document,  
22 deny that the quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
23 portions of the quoted language in paragraph 359, and respectfully refer the Court to the  
24 referenced document for its content.

25 360. The Independent Directors admit that Plaintiffs purport in paragraph 360 to quote  
26 and paraphrase an April 2015 Morningstar analyst report, but deny any characterizations of that  
27 document, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
28 Court to the referenced document for its content.

1           361. The Independent Directors admit that members of the Board's Finance Committee  
2 recommended to the Board that it authorize the purchase by the Company of up to an additional 35  
3 million shares of the Company's common stock; that the Board authorized the same in January  
4 2016; that the directors referenced in paragraph 361 were members of the Finance Committee at  
5 the time such recommendation was made; and that the recommendation was made subsequent to  
6 the commencement of PwC's analysis of potentially unauthorized accounts in or around August  
7 2015. The Independent Directors admit that Plaintiffs purport to quote a January 26, 2016, press  
8 release, and respectfully refer the Court to the press release for its content. The Independent  
9 Directors deny the remaining allegations of paragraph 361.

10           362. The Independent Directors admit that Plaintiffs purport in paragraph 362 to quote  
11 either Wells Fargo's 2015 or 2016 Form 10-K, but deny any characterizations of the document,  
12 deny that the quotations are accurate, complete, and unedited, deny the emphasis placed on certain  
13 portions of the quoted language in paragraph 362, and respectfully refer the Court to the  
14 referenced document for its content. The Independent Directors deny the remaining allegations of  
15 paragraph 362.

16           363. The Independent Directors admit that Plaintiffs purport in paragraph 363 to quote a  
17 transcript of Wells Fargo's May 24, 2016, Analyst Day, but deny any characterizations of that  
18 document, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
19 Court to the referenced document for its content. The Independent Directors are without  
20 knowledge or information sufficient to form a belief as to the truth of the remaining allegations of  
21 paragraph 363, and on that basis deny them.

22           364. The Independent Directors admit that Plaintiffs purport in paragraph 364 to quote  
23 and paraphrase a May 25, 2016, Evercore ISI analyst report, but deny any characterizations of that  
24 document, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
25 Court to the referenced document for its content.

26           365. The Independent Directors admit that Wells Fargo held a conference call for  
27 analysts and investors on July 15, 2016, and that Plaintiffs purport in paragraph 365 to quote a  
28 transcript of that conference call and to paraphrase a transcript of Defendant John G. Stumpf's

1 September 2016 testimony before the Senate Banking Committee, but deny any characterizations  
2 of those documents, deny that the quotations are accurate, complete, and unedited, and  
3 respectfully refer the Court to the referenced documents for their content. The Independent  
4 Directors deny the remaining allegations of paragraph 365.

5 366. The Independent Directors admit that Wells Fargo filed its Q2 2016 Form 10-Q on  
6 August 3, 2016, approximately one month prior to the date on which the OCC, the CFPB, and the  
7 Los Angeles City Attorney issued their respective consent orders, and that Plaintiffs purport in  
8 paragraph 366 to quote that Form 10-Q, but deny any characterizations of the document, deny that  
9 the quotations are accurate, complete, and unedited, and respectfully refer the Court to the  
10 referenced document for its content. The Independent Directors understand that the OCC takes  
11 the position that its supervisory communications with Wells Fargo are privileged and confidential  
12 supervisory information (with the privilege owned and controlled by the OCC), and that no  
13 response is permitted or appropriate. Accordingly, the Independent Directors respond to the  
14 allegations of paragraph 366 which pertain to a Supervisory Letter issued by the OCC by stating  
15 that they lack knowledge or information sufficient to form a belief as to the truth of the allegations  
16 and on that basis deny them and refer to the referenced document for its content. The Independent  
17 Directors deny the remaining allegations of paragraph 366.

18 367. To the extent the allegations contained in paragraph 367 constitute a legal  
19 conclusion, no responsive pleading is required. To the extent a response is required, the  
20 Independent Directors admit that as to each listed Form 10-K Wells Fargo's Audit and  
21 Examination Committee chair signed the 10-K on behalf of himself and all other then-current  
22 Independent Directors, who duly executed powers of attorney empowering him to so sign and that  
23 the paragraph 367 represents certain cross-sell metric figures as reported by Wells Fargo, and the  
24 corresponding publicly filed document and its date. The Independent Directors deny the  
25 remaining allegations of paragraph 367.

26 368. To the extent the allegations contained in paragraph 368 constitute a legal  
27 conclusion, no responsive pleading is required. To the extent a response is required, the  
28 Independent Directors deny the allegations of paragraph 368.

1           369. To the extent the allegations contained in paragraph 369 constitute a legal  
2 conclusion, no responsive pleading is required. To the extent a response is required, the  
3 Independent Directors admit that Plaintiffs purport in paragraph 369 to quote a statement by the  
4 Comptroller of the Currency, but deny any characterizations of that statement, deny that the  
5 quotation is accurate, complete, and unedited, and respectfully refer the Court to the referenced  
6 statement for its content. With respect to the allegations pertaining to the OCC, the Independent  
7 Directors understand that the OCC takes the position that its supervisory communications with  
8 Wells Fargo are privileged and confidential supervisory information (with the privilege owned and  
9 controlled by the OCC), and that no response is permitted or appropriate. Accordingly, the  
10 Independent Directors respond to such allegations of paragraph 369 by stating that they lack  
11 knowledge or information sufficient to form a belief as to the truth of the allegations and on that  
12 basis deny them and refer to the referenced document for its content. The Independent Directors  
13 deny the remaining allegations of paragraph 369.

14           370. The Independent Directors admit that Plaintiffs purport in paragraph 370 to quote  
15 Wells Fargo's 2012, 2013, 2014, and 2015 Annual Reports and paraphrase the Company's 2013  
16 Form 10-K, but deny any characterizations of those documents, deny that the quotations are  
17 accurate, complete, and unedited, and respectfully refer the Court to the referenced documents for  
18 their content. The Independent Directors deny the remaining allegations of paragraph 370.

19           371. The Independent Directors admit that Plaintiffs purport in paragraph 371 to quote a  
20 transcript of Wells Fargo's May 22, 2012, Investor Day, but deny any characterizations of that  
21 document, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
22 Court to the referenced document for its content.

23           372. The Independent Directors admit that Plaintiffs purport in paragraph 372 to quote  
24 Wells Fargo's 2013 Annual Report, but deny any characterizations of that document, deny that the  
25 quotations are accurate, complete, and unedited, deny the emphasis placed on certain portions of  
26 the quoted language in paragraph 372, and respectfully refer the Court to the referenced document  
27 for its content.

28           373. The Independent Directors admit that Plaintiffs purport in paragraph 373 to quote

1 Wells Fargo's 2013 Annual Report, and to cite in an accompanying footnote the 2014 and 2015  
2 Annual Reports, but deny any characterizations of those documents, deny that the quotations are  
3 accurate, complete, and unedited, deny the emphasis placed on certain portions of the quoted  
4 language in paragraph 373, and respectfully refer the Court to the referenced documents for their  
5 content. The Independent Directors deny the remaining allegations of paragraph 373.

6 374. The Independent Directors admit that Plaintiffs purport in paragraph 374 to  
7 paraphrase Wells Fargo's 2014 Annual Report and 2014 Form 10-K, but deny any  
8 characterizations of those documents, and respectfully refer the Court to the referenced documents  
9 for their content.

10 375. The Independent Directors admit that Plaintiffs purport in paragraph 375 to quote  
11 Wells Fargo's 2015 Annual Report, but deny any characterizations of that document, deny that the  
12 quotations are accurate, complete, and unedited, deny the emphasis placed on certain portions of  
13 the quoted language in paragraph 375, and respectfully refer the Court to the referenced document  
14 for its content. The Independent Directors deny the remaining allegations of paragraph 375.

15 376. The Independent Directors admit that Plaintiffs purport in paragraph 376 to quote  
16 Wells Fargo's 2015 Annual Report, but deny any characterizations of that document, deny that the  
17 quotations are accurate, complete, and unedited, and respectfully refer the Court to the referenced  
18 document for its content.

19 377. To the extent the allegations contained in paragraph 377 constitute a legal  
20 conclusion, no responsive pleading is required. To the extent a response is required, the  
21 Independent Directors understand that the OCC takes the position that its supervisory  
22 communications with Wells Fargo are privileged and confidential supervisory information (with  
23 the privilege owned and controlled by the OCC), and that no response is permitted or appropriate.  
24 Accordingly, to the extent Plaintiffs purport in paragraph 377 to reference OCC communications,  
25 the Independent Directors respond to the allegations of paragraph 377 by stating that they lack  
26 knowledge or information sufficient to form a belief as to the truth of the allegations and on that  
27 basis deny them and refer to the referenced document for its content. The Independent Directors  
28 deny the remaining allegations of paragraph 377.



1           378. To the extent the allegations contained in paragraph 378 constitute a legal  
2 conclusion, no responsive pleading is required. To the extent a response is required, the  
3 Independent Directors admit that Plaintiffs purport in paragraph 378 to quote a September 28,  
4 2016, letter from certain U.S. Senators to the SEC, but deny any characterizations of that  
5 document, deny that the quotations are accurate, complete, and unedited, deny the emphasis  
6 placed on certain portions of the quoted language in paragraph 378, and respectfully refer the  
7 Court to the referenced document for its content. The Independent Directors are without  
8 knowledge or information sufficient to form a belief as to the truth of the remaining allegations of  
9 paragraph 378, and on that basis deny them.

10           379. To the extent the allegations contained in paragraph 379 constitute a legal  
11 conclusion, no responsive pleading is required. To the extent a response is required, the  
12 Independent Directors admit that the Wells Fargo's CEO and CFO are charged with certifying  
13 pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") Wells Fargo's annual and quarterly reports,  
14 and that during the Relevant Period, as defined in the Complaint, Wells Fargo's CEO and CFO  
15 included Defendants John G. Stumpf, Timothy J. Sloan, and John R. Shrewsberry. The  
16 Independent Directors further admit that Plaintiffs purport in paragraph 379 to quote the SOX  
17 certification included in Wells Fargo's 2015 Form 10-K, and to paraphrase in footnote 187 other  
18 such certifications, but deny any characterizations of those documents, deny that the quotations are  
19 accurate, complete, and unedited, deny the emphasis placed on certain portions of the quoted  
20 language in paragraph 379, and respectfully refer the Court to the referenced documents for their  
21 content.

22           380. The Independent Directors admit that Plaintiffs purport in paragraph 380 to quote  
23 Wells Fargo's 2015 Annual Report, and to paraphrase in footnote 188 other Annual Reports, but  
24 deny any characterizations of those documents, deny that the quotations are accurate, complete,  
25 and unedited, deny the emphasis placed on certain portions of the quoted language in paragraph  
26 380, and respectfully refer the Court to the referenced documents for their content.

27           381. To the extent the allegations contained in paragraph 381 constitute a legal  
28 conclusion, no responsive pleading is required. To the extent a response is required, the

1 Independent Directors deny the allegations of paragraph 381.

2 382. To the extent the allegations contained in paragraph 382 constitute a legal  
3 conclusion, no responsive pleading is required. To the extent a response is required, the  
4 Independent Directors are without knowledge or information sufficient to form a belief as to the  
5 truth of the allegations of paragraph 382, and on that basis deny them.

6 383. The Independent Directors are without knowledge or information sufficient to form  
7 a belief as to the truth of the allegations of paragraph 383, and on that basis deny them.

8 384. To the extent the allegations contained in paragraph 384 constitute a legal  
9 conclusion, no responsive pleading is required. To the extent a response is required, the  
10 Independent Defendants are without knowledge or information sufficient to form a belief as to the  
11 truth of the allegations of paragraph 384 related to Defendant John G. Stumpf's share purchases  
12 and sales, and on that basis deny them. The Independent Directors deny the remaining allegations  
13 of paragraph 384.

14 385. To the extent the allegations contained in paragraph 385 constitute a legal  
15 conclusion, no responsive pleading is required. To the extent a response is required, the  
16 Independent Defendants are without knowledge or information sufficient to form a belief as to the  
17 truth of the allegations of paragraph 385 related to Defendant John G. Stumpf's share purchases  
18 and sales, and on that basis deny them. The Independent Directors deny the remaining allegations  
19 of paragraph 385.

20 386. The Independent Directors are without knowledge or information sufficient to form  
21 a belief as to the truth of the allegations of paragraph 386, and on that basis deny them.

22 387. To the extent the allegations contained in paragraph 387 constitute a legal  
23 conclusion, no responsive pleading is required. To the extent a response is required, the  
24 Independent Defendants are without knowledge or information sufficient to form a belief as to the  
25 truth of the allegations of paragraph 387 related to Defendant Carrie L. Tolstedt's share purchases  
26 and sales, and on that basis deny them. The Independent Directors deny the remaining allegations  
27 of paragraph 387.

28 388. The Independent Directors are without knowledge or information sufficient to form

1 a belief as to the truth of the remaining allegations of paragraph 388, and on that basis deny them.

2 389. To the extent the allegations contained in paragraph 389 constitute a legal  
3 conclusion, no responsive pleading is required. To the extent a response is required, the  
4 Independent Directors are without knowledge or information sufficient to form a belief as to the  
5 truth of the allegations of paragraph 389 related to Defendant Timothy J. Sloan's share purchases  
6 and sales, and on that basis deny them. The Independent Directors deny the remaining allegations  
7 of paragraph 389.

8 390. The Independent Directors are without knowledge or information sufficient to form  
9 a belief as to the truth of the remaining allegations of paragraph 390, and on that basis deny them.

10 391. To the extent the allegations contained in paragraph 391 constitute a legal  
11 conclusion, no responsive pleading is required. To the extent a response is required, the  
12 Independent Directors are without knowledge or information sufficient to form a belief as to the  
13 truth of the allegations of paragraph 391 related to Defendant Michael J. Loughlin's share  
14 purchases and sales, and on that basis deny them. The Independent Directors deny the remaining  
15 allegations of paragraph 391.

16 392. To the extent the allegations contained in paragraph 392 constitute a legal  
17 conclusion, no responsive pleading is required. To the extent a response is required, the  
18 Independent Directors are without knowledge or information sufficient to form a belief as to the  
19 truth of the remaining allegations of paragraph 392, and on that basis deny them.

20 393. The Independent Directors admit that Plaintiffs purport in paragraph 393 to quote a  
21 June 19, 2015, *Financial Times* article, but deny any characterizations of that documents, deny  
22 that the quotations are accurate, complete, and unedited, and respectfully refer the Court to the  
23 referenced document for its content. The Independent Directors are without knowledge or  
24 information sufficient to form a belief as to the truth of the remaining allegations of paragraph  
25 393, and on that basis deny them.

26 394. The Independent Directors admit that Plaintiffs purport in paragraph 394 to quote a  
27 June 16, 2015, *Financial Times* article, but deny any characterizations of that documents, deny  
28 that the quotations are accurate, complete, and unedited, and respectfully refer the Court to the

1 referenced document for its content. The Independent Directors are without knowledge or  
2 information sufficient to form a belief as to the truth of the remaining allegations of paragraph  
3 394.

4 395. To the extent the allegations contained in paragraph 395 constitute a legal  
5 conclusion, no responsive pleading is required. To the extent a response is required, the  
6 Independent Directors deny the allegations of paragraph 395.

7 396. To the extent the allegations contained in paragraph 396 constitute a legal  
8 conclusion, no responsive pleading is required. To the extent a response is required, the  
9 Independent Directors deny the allegations of paragraph 396.

10 397. To the extent the allegations contained in paragraph 397 constitute a legal  
11 conclusion, no responsive pleading is required. To the extent a response is required, the  
12 Independent Directors deny the allegations of paragraph 397.

13 398. To the extent the allegations contained in paragraph 398 constitute a legal  
14 conclusion, no responsive pleading is required. To the extent a response is required, the  
15 Independent Directors admit that Wells Fargo was listed and actively traded on the New York  
16 Stock Exchange ("NYSE"), filed reports with the SEC and NYSE, and issued press releases. The  
17 Independent Directors are without knowledge or information sufficient to form a belief as to the  
18 truth of the remaining allegations of paragraph 398.

19 399. To the extent the allegations contained in paragraph 399 constitute a legal  
20 conclusion, no responsive pleading is required. To the extent a response is required, the  
21 Independent Directors are without knowledge or information sufficient to form a belief as to the  
22 truth of the remaining allegations of paragraph 399 and on that basis deny them.

23 400. To the extent the allegations contained in paragraph 400 constitute a legal  
24 conclusion, no responsive pleading is required. To the extent a response is required, the  
25 Independent Directors deny the allegations of paragraph 400.

26 401. To the extent the allegations contained in paragraph 401 constitute a legal  
27 conclusion, no responsive pleading is required. To the extent a response is required, the  
28 Independent Directors deny the allegations of paragraph 401.

1           402. To the extent the allegations contained in paragraph 402 constitute a legal  
2 conclusion, no responsive pleading is required. To the extent a response is required, the  
3 Independent Directors deny the allegations of paragraph 402.

4           403. To the extent the allegations contained in paragraph 403 constitute a legal  
5 conclusion, no responsive pleading is required. To the extent a response is required, the  
6 Independent Directors deny the allegations of paragraph 403.

7           404. To the extent the allegations contained in paragraph 404 constitute a legal  
8 conclusion, no responsive pleading is required. To the extent a response is required, the  
9 Independent Directors deny the allegations of paragraph 404.

10           405. To the extent the allegations contained in paragraph 405 constitute a legal  
11 conclusion, no responsive pleading is required. To the extent a response is required, the  
12 Independent Directors deny the allegations of paragraph 405.

13           406. To the extent the allegations contained in paragraph 406 constitute a legal  
14 conclusion, no responsive pleading is required. To the extent a response is required, the  
15 Independent Directors deny the allegations of paragraph 406.

16           407. The Independent Directors admit that Wells Fargo's common stock closed at  
17 \$50.80 per share on August 31, 2016. The Independent Directors are without knowledge or  
18 information sufficient to form a belief as to the truth of the remaining allegations of paragraph  
19 407, and on that basis deny them.

20           408. To the extent the allegations contained in paragraph 408 constitute a legal  
21 conclusion, no responsive pleading is required. To the extent a response is required, the  
22 Independent Directors admit that the CFPB, the OCC, and the Los Angeles City Attorney issued  
23 consent orders or entered settlements against Wells Fargo on or about September 8, 2016, and that  
24 Plaintiffs in paragraph 408 purport to paraphrase the content of those consent orders or  
25 settlements, but deny any characterizations of those documents, and respectfully refer the Court to  
26 the consent orders for their content. The Independent Directors deny the remaining allegations of  
27 paragraph 408.

28           409. The Independent Directors admit that Wells Fargo common stock closed at \$49.90

1 on September 8, 2016, and at \$43.75 on October 4, 2016, and that this change represents an  
2 approximately 12% decrease and that the number of shares times the amount of the decrease is  
3 over \$30 billion. The Independent Directors deny the remaining allegations of paragraph 409.

4 410. To the extent the allegations contained in paragraph 410 constitute a legal  
5 conclusion, no responsive pleading is required. To the extent a response is required, the  
6 Independent Directors deny the allegations of paragraph 410.

7 411. The Independent Directors deny the allegations of paragraph 411.

8 412. The Independent Directors admit the Los Angeles City Attorney, the CFPB, and  
9 the OCC issued respective consent orders against Wells Fargo on September 8, 2016; that  
10 Defendant John G. Stumpf testified before the Senate Banking Committee on September 20, 2016;  
11 and that Mr. Stumpf resigned from his position as Wells Fargo Chairman and CEO on October 12,  
12 2016. The Independent Directors further admit that Plaintiffs purport in paragraph 412 to  
13 paraphrase the settlement entered into and the consent orders issued respectively by the Los  
14 Angeles City Attorney, the CFPB, and the OCC and the transcript of the September 20, 2016,  
15 Senate Banking Committee hearing, but deny any characterizations of those documents, and  
16 respectfully refer the Court to the referenced documents for their content. The Independent  
17 Directors deny the remaining allegations of paragraph 412.

18 413. The Independent Directors admit that Plaintiffs in paragraph 413 purport to  
19 paraphrase press releases by the OCC, the CFPB, and the Los Angeles City Attorney and to quote  
20 a September 8, 2016, *New York Times* article, but deny any characterizations of those documents,  
21 deny that the quotations are accurate, complete, and unedited, and respectfully refer the Court to  
22 the referenced document for its content.

23 414. The Independent Directors admit that Plaintiffs in paragraph 414 purport to quote a  
24 press release by the Los Angeles City Attorney, but deny any characterizations of that document,  
25 deny that the quotations are accurate, complete, and unedited, and respectfully refer the Court to  
26 the referenced document for its content.

27 415. The Independent Directors admit that Plaintiffs in paragraph 415 purport to  
28 paraphrase a settlement between Wells Fargo and the Los Angeles City Attorney, but deny any

1 characterizations of that document, and respectfully refer the Court to the referenced document for  
2 its content.

3 416. The Independent Directors admit that Plaintiffs in paragraph 416 purport to  
4 paraphrase a settlement between Wells Fargo and the Los Angeles City Attorney, but deny any  
5 characterizations of that document, and respectfully refer the Court to the referenced document for  
6 its content.

7 417. The Independent Directors admit that Plaintiffs in paragraph 417 purport to  
8 paraphrase a settlement between Wells Fargo and the Los Angeles City Attorney, but deny any  
9 characterizations of that document, and respectfully refer the Court to the referenced document for  
10 its content.

11 418. To the extent the allegations contained in paragraph 418 constitute a legal  
12 conclusion, no responsive pleading is required. To the extent a response is required, the  
13 Independent Directors admit that Wells Fargo entered into a Consent Order with the CFPB on  
14 September 8, 2016, and that Plaintiffs in paragraph 418 purport to paraphrase the Consent Order,  
15 but deny any characterizations of that document, deny that the quotations are accurate, complete,  
16 and unedited, and respectfully refer the Court to the referenced document for its content.

17 419. The Independent Directors admit that Plaintiffs in paragraph 419 purport to  
18 paraphrase the CFPB's September 8, 2016, Consent Order, but deny any characterizations of that  
19 document, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
20 Court to the referenced document for its content. The Independent Directors deny the remaining  
21 allegations of paragraph 419.

22 420. The Independent Directors admit that Plaintiffs in paragraph 420 purport to  
23 paraphrase the CFPB's September 8, 2016, Consent Order, but deny any characterizations of that  
24 document, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
25 Court to the referenced document for its content. The Independent Directors deny the remaining  
26 allegations of paragraph 420.

27 421. The Independent Directors admit that Plaintiffs in paragraph 421 purport to  
28 paraphrase CFPB Director Richard Cordray's September 20, 2016, written testimony before the



1 Senate Banking Committee, but deny any characterizations of that document, deny that the  
2 quotations are accurate, complete, and unedited, and respectfully refer the Court to the referenced  
3 document for its content. The Independent Directors are without knowledge or information  
4 sufficient to form a belief as to the truth of the remaining allegations of paragraph 421, and on that  
5 basis deny them.

6 422. The Independent Directors admit that Wells Fargo entered into a Consent Order  
7 with the OCC on September 8, 2016, and that Plaintiffs in paragraph 422 purport to paraphrase the  
8 Consent Order, but deny any characterizations of that document, deny that the quotations are  
9 accurate, complete, and unedited, and respectfully refer the Court to the referenced document for  
10 its content.

11 423. The Independent Directors admit that Plaintiffs in paragraph 423 purport to  
12 paraphrase the OCC's September 8, 2016, Consent Order, but deny any characterizations of those  
13 documents, deny that the quotations are accurate, complete, and unedited, and respectfully refer  
14 the Court to the referenced document for its content.

15 424. The Independent Directors admit that on September 13, 2016, Wells Fargo  
16 announced that it would eliminate all product sales goals in retail banking, effective January 1,  
17 2017, and that Plaintiffs purport in paragraph 424 to paraphrase a September 13, 2016, Wells  
18 Fargo press release and quote a January 13, 2017, Wells Fargo press release, but deny any  
19 characterizations of those documents, deny that the quotations are accurate, complete, and  
20 unedited, and respectfully refer the Court to the referenced documents for their content.

21 425. The Independent Directors admit that Wells Fargo common stock closed at \$49.90  
22 on September 8, 2016, and at \$45.43 on September 16, 2016, and that this change represents an  
23 approximately 9% decrease. The Independent Directors deny the remaining allegations of  
24 paragraph 425.

25 426. To the extent the allegations contained in paragraph 426 constitute a legal  
26 conclusion, no responsive pleading is required. To the extent a response is required, the  
27 Independent Directors admit that, since September 8, 2016, certain governmental entities have  
28 initiated investigations into the subject matter described in the OCC and CFPB consent orders and

1 the Los Angeles City Attorney settlement but deny the remaining allegations of paragraph 426.

2 427. The Independent Directors admit that certain U.S. Senators on September 16, 2016,  
3 sent a letter to Defendant John G. Stumpf, copying members of the Human Resources Committee,  
4 and that Plaintiffs purport in paragraph 427 to paraphrase and quote that letter, but deny any  
5 characterizations of that document, deny that the quotations are accurate, complete, and unedited,  
6 deny the emphasis placed on certain portions of the quoted language in paragraph 427, and  
7 respectfully refer the Court to the referenced document for its content.

8 428. The Independent Directors admit that Defendant John G. Stumpf testified before  
9 the Senate Banking Committee on September 20, 2016, and that Plaintiffs purport in paragraph  
10 428 to paraphrase and quote a transcript of Mr. Stumpf's testimony, but deny any characterizations  
11 of that document, deny that the quotations are accurate, complete, and unedited, deny the emphasis  
12 placed on certain portions of the quoted language in paragraph 428, and respectfully refer the  
13 Court to the referenced document for its content. The Independent Directors deny the remaining  
14 allegations of paragraph 428.

15 429. The Independent Directors admit Plaintiffs purport in paragraph 429 to paraphrase  
16 and quote a transcript of Mr. Stumpf's September 20, 2016, testimony, but deny any  
17 characterizations of that document, deny that the quotations are accurate, complete, and unedited,  
18 deny the emphasis placed on certain portions of the quoted language in paragraph 429, and  
19 respectfully refer the Court to the referenced document for its content. The Independent Directors  
20 deny the remaining allegations of paragraph 429.

21 430. The Independent Directors admit that the Board's Audit and Examination  
22 Committee received certain information pertaining to Wells Fargo's Internal Investigations group,  
23 EthicsLine, and suspicious activity reporting from at least 2011, including that certain of the  
24 reports discussed increases in sales integrity issues; that the Risk Committee received reports from  
25 management regarding certain noteworthy risks, which later at certain times included sales  
26 conduct and practice issues affecting customers and management's efforts to address those risks;  
27 that the Human Resources Committee later at certain times received reports advising the  
28 committee that management was monitoring the sales practices issues; and that the Board at some

1 point discussed sales integrity issues. The Independent Directors further admit Plaintiffs purport  
2 in paragraph 430 to paraphrase and quote a transcript of Mr. Stumpf's September 20, 2016,  
3 testimony, but deny any characterizations of that document, deny that the quotations are accurate,  
4 complete, and unedited, and respectfully refer the Court to the referenced document for its content.  
5 The Independent Directors deny the remaining allegations of paragraph 430.

6 431. The Independent Directors admit Plaintiffs purport in paragraph 431 to paraphrase  
7 Mr. Stumpf's September 20, 2016, testimony, but deny any characterizations of that document,  
8 and respectfully refer the Court to the referenced document for its content. The Independent  
9 Directors deny the remaining allegations of paragraph 431.

10 432. The Independent Directors admit Plaintiffs purport in paragraph 432 to quote a  
11 transcript of Mr. Stumpf's September 20, 2016, testimony, but deny any characterizations of that  
12 document, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
13 Court to the referenced document for its content. The Independent Directors deny the remaining  
14 allegations of paragraph 432.

15 433. The Independent Directors admit Plaintiffs purport in paragraph 433 to quote a  
16 transcript of Mr. Stumpf's September 20, 2016, testimony, but deny any characterizations of that  
17 document, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
18 Court to the referenced document for its content. The Independent Directors deny the remaining  
19 allegations of paragraph 433.

20 434. To the extent the allegations contained in paragraph 434 constitute a legal  
21 conclusion, no responsive pleading is required. To the extent a response is required, the  
22 Independent Directors admit Plaintiffs purport in paragraph 434 to quote a transcript of Mr.  
23 Stumpf's September 20, 2016, testimony, but deny any characterizations of that document, deny  
24 that the quotations are accurate, complete, and unedited, and respectfully refer the Court to the  
25 referenced document for its content. The Independent Directors deny the remaining allegations of  
26 paragraph 434.

27 435. To the extent the allegations contained in paragraph 435 constitute a legal  
28 conclusion, no responsive pleading is required. To the extent a response is required, the

1 Independent Directors admit Plaintiffs purport in paragraph 435 to quote a transcript of Mr.  
2 Stumpf's September 20, 2016, testimony, but deny any characterizations of that document, deny  
3 that the quotations are accurate, complete, and unedited, and respectfully refer the Court to the  
4 referenced document for its content. The Independent Directors deny the remaining allegations of  
5 paragraph 435.

6 436. The Independent Directors admit Plaintiffs purport in paragraph 436 to quote a  
7 September 20, 2016, *Los Angeles Times* article, but deny any characterizations of that document,  
8 deny that the quotations are accurate, complete, and unedited, and respectfully refer the Court to  
9 the referenced document for its content. The Independent Directors deny the remaining  
10 allegations of paragraph 436.

11 437. The Independent Directors admit that certain U.S. Senators on September 22, 2016,  
12 sent a letter to Labor Secretary Tom Perez and DOL Wage and Hour Division Administrator  
13 David Weil, and that Plaintiffs purport in paragraph 437 to quote that letter, but deny any  
14 characterizations of that document, deny that the quotations are accurate, complete, and unedited,  
15 and respectfully refer the Court to the referenced document for its content. The Independent  
16 Directors deny the remaining allegations of paragraph 437.

17 438. The Independent Directors admit that Senator Elizabeth Warren on September 28,  
18 2016, sent a letter to Defendant Stephen W. Sanger, and that Plaintiffs purport in paragraph 438 to  
19 quote that letter, but deny any characterizations of that document, deny that the quotations are  
20 accurate, complete, and unedited, and respectfully refer the Court to the referenced document for  
21 its content. The Independent Directors deny the remaining allegation of paragraph 438.

22 439. The Independent Directors admit that the State of California took certain actions  
23 with respect to Wells Fargo on September 28, 2016, and that Plaintiffs purports in paragraph 439  
24 to paraphrase a letter from California State Treasurer John Chiang to the Wells Fargo Board, but  
25 deny any characterizations of that document, deny that the quotations are accurate, complete, and  
26 unedited, and respectfully refer the Court to the referenced document for its content. The  
27 Independent Directors deny the remaining allegations of paragraph 439.

28 440. The Independent Directors admit that Defendant John G. Stumpf testified before

1 the House Financial Services Committee on September 29, 2016, and that Plaintiffs purport in  
2 paragraph 440 to paraphrase and quote a transcript of Mr. Stumpf's testimony, but deny any  
3 characterizations of that document, deny that the quotations are accurate, complete, and unedited,  
4 deny the emphasis placed on certain portions of the quoted language in paragraph 440, and  
5 respectfully refer the Court to the referenced document for its content. The Independent Directors  
6 deny the remaining allegations of paragraph 440.

7 441. To the extent the allegations contained in paragraph 441 constitute a legal  
8 conclusion, no responsive pleading is required. To the extent a response is required, the  
9 Independent Directors admit that Plaintiffs purport in paragraph 441 to paraphrase and quote a  
10 September 29, 2016, letter from certain U.S. Senators to the SEC, but deny any characterizations  
11 of that document, deny that the quotations are accurate, complete, and unedited, deny the emphasis  
12 placed on certain portions of the quoted language in paragraph 441, and respectfully refer the  
13 Court to the referenced document for its content. The Independent Directors deny the remaining  
14 allegations of paragraph 441.

15 442. The Independent Directors admit that Defendant John G. Stumpf resigned from  
16 Wells Fargo on October 12, 2016, and was replaced by Defendant Timothy J. Sloan as CEO and  
17 by Defendant Stephen W. Sanger as Board Chair; that the Independent Directors had previously  
18 determined with Mr. Stumpf's agreement that he would forfeit all of his outstanding unvested  
19 equity awards, valued at approximately \$41 million based on the closing share price on September  
20 27, 2016, and that the Independent Directors announced said forfeiture on that day; and that Mr.  
21 Stumpf confirmed during his September 29, 2016, Congressional testimony that he would forfeit  
22 that amount. The Independent Directors deny the remaining allegations of paragraph 442.

23 443. The Independent Directors admit that on October 20, 2016, certain U.S. Senators  
24 sent a letter to Defendant Stephen W. Sanger and that Plaintiffs purport in paragraph 443 to  
25 paraphrase and quote the letter, but deny any characterizations of that document, deny that the  
26 quotations are accurate, complete, and unedited, deny the emphasis placed on certain portions of  
27 the quoted language in paragraph 443, and respectfully refer the Court to the referenced document  
28 for its content.

1           444. To the extent the allegations contained in paragraph 444 constitute a legal  
2 conclusion, no responsive pleading is required. To the extent a response is required, the  
3 Independent Directors admit that Plaintiffs purport in paragraph 444 to quote Wells Fargo's Code  
4 of Ethics and Business Conduct, but deny any characterizations of that document, deny that the  
5 quotations are accurate, complete, and unedited, and respectfully refer the Court to the referenced  
6 document for its content. The Independent Directors deny the remaining allegations of paragraph  
7 444.

8           445. To the extent the allegations contained in paragraph 445 constitute a legal  
9 conclusion, no responsive pleading is required. To the extent a response is required, the  
10 Independent Directors deny the allegations of paragraph 445.

11           446. The Independent Directors admit that J.P. Morgan downgraded Wells Fargo stock  
12 on September 21, 2016, and that Plaintiffs purport in paragraph 446 to quote a statement made by  
13 J.P. Morgan analyst Vivek Juneja regarding that downgrade, but deny any characterizations of that  
14 statement, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
15 Court to the referenced document for its content. The Independent Directors deny the remaining  
16 allegations of paragraph 446.

17           447. The Independent Directors are without knowledge or information sufficient to form  
18 a belief as to the truth of the allegations of paragraph 447, and on that basis deny them.

19           448. The Independent Directors are without knowledge or information sufficient to form  
20 a belief as to the truth of the allegations of paragraph 448, and on that basis deny them.

21           449. The Independent Directors admit Plaintiffs purport in paragraph 449 to paraphrase  
22 and quote Wells Fargo's Q3 2016 Form 10-Q, but deny any characterizations of that document,  
23 deny that the quotations are accurate, complete, and unedited, and respectfully refer the Court to  
24 the referenced document for its content.

25           450. The Independent Directors admit that October 2016 was the first month following  
26 the September 2016 consent order and settlement announcements and that Plaintiffs purport in  
27 paragraph 450 to paraphrase a November 17, 2016, press release, but deny any characterizations  
28 of that document, and respectfully refer the Court to the referenced document for its content. The

1 Independent Directors deny the remaining allegations of paragraph 450.

2 451. The Independent Directors admit Plaintiffs purport in paragraph 451 to paraphrase  
3 a December 16, 2016, press release, but deny any characterizations of that document, and  
4 respectfully refer the Court to the referenced document for its content.

5 452. The Independent Directors admit Plaintiffs purport in paragraph 452 to paraphrase  
6 a February 17, 2017, press release, but deny any characterizations of that document, and  
7 respectfully refer the Court to the referenced document for its content.

8 453. The Independent Directors admit Plaintiffs purport in paragraph 453 to quote a  
9 Mini-Study of Wells Fargo by advisory firm CG42, but deny any characterizations of that  
10 document, deny that the quotations are accurate, complete, and unedited, and respectfully refer the  
11 Court to the referenced document for its content. The Independent Directors are without  
12 knowledge or information sufficient to form a belief as to the truth of the remaining allegations of  
13 paragraph 453, and on that basis deny them.

14 454. The Independent Directors admit Plaintiffs purport in paragraph 454 to paraphrase  
15 a Mini-Study of Wells Fargo by advisory firm CG42, but deny any characterizations of that  
16 document, and respectfully refer the Court to the referenced document for its content.

17 455. The Independent Directors admit Plaintiffs purport in paragraph 455 to paraphrase  
18 and quote a Mini-Study of Wells Fargo by advisory firm CG42, but deny any characterizations of  
19 that document, deny that the quotations are accurate, complete, and unedited, and respectfully  
20 refer the Court to the referenced document for its content.

21 456. The Independent Directors admit Plaintiffs purport in paragraph 456 to paraphrase  
22 and quote a Mini-Study of Wells Fargo by advisory firm CG42, but deny any characterizations of  
23 that document, deny that the quotations are accurate, complete, and unedited, and respectfully  
24 refer the Court to the referenced document for its content.

25 457. The Independent Directors admit Plaintiffs purport in paragraph 457 to paraphrase  
26 and quote a Mini-Study of Wells Fargo by advisory firm CG42, but deny any characterizations of  
27 that document, deny that the quotations are accurate, complete, and unedited, and respectfully  
28 refer the Court to the referenced document for its content.



1           458. To the extent the allegations contained in paragraph 458 constitute a legal  
2 conclusion, no responsive pleading is required. To the extent a response is required, the  
3 Independent Directors admit certain states and cities suspended certain business with Wells Fargo  
4 following the September 2016 consent orders and settlement. To the extent Plaintiffs' allegations  
5 pertain to the tendencies of consumers of banking products, the Independent Directors are without  
6 knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph  
7 458, and on that basis deny them. The Independent Directors deny the remaining allegations of  
8 paragraph 458.

9           459. The Independent Directors admit that the State of California took certain actions  
10 with respect to Wells Fargo on September 28, 2016, and that Plaintiffs purport in paragraph 459 to  
11 paraphrase and quote a letter from California State Treasurer John Chiang to the Wells Fargo  
12 Board, but deny any characterizations of that document, deny that the quotations are accurate,  
13 complete, and unedited, and respectfully refer the Court to the referenced document for its content.

14           460. The Independent Directors admit that Plaintiffs purports in paragraph 460 to  
15 paraphrase and quote a letter from California State Treasurer John Chiang to the Wells Fargo  
16 Board, but deny any characterizations of that document, deny that the quotations are accurate,  
17 complete, and unedited, and respectfully refer the Court to the referenced document for its content.

18           461. The Independent Directors admit that Illinois's State Treasurer's office issued a  
19 press release on October 3, 2016, in which it announced certain actions with respect to Wells  
20 Fargo, and that Plaintiffs purport in paragraph 461 to paraphrase that press release, but deny any  
21 characterizations of that document, and respectfully refer the Court to the referenced document for  
22 its content.

23           462. The Independent Directors admit that Ohio Governor John Kasich's office issued a  
24 press release on October 14, 2016, in which it announced certain actions with respect to Wells  
25 Fargo, and that Plaintiffs purport in paragraph 462 to quote that press release, but deny any  
26 characterizations of that document, deny that the quotations are accurate, complete, and unedited,  
27 and respectfully refer the Court to the referenced document for its content.

28           463. The Independent Directors admit that Wells Fargo on October 17, 2016, was

1 removed for a period of one year from Massachusetts's approved list of underwriters. The  
2 Independent Directors are without knowledge or information sufficient to form a belief as to the  
3 truth of the remaining allegations of paragraph 463, and on that basis deny them.

4 464. The Independent Directors admit that New York Governor Andrew Cuomo's office  
5 issued a press release on October 11, 2016, and that Plaintiffs purport in paragraph 464 to  
6 paraphrase and quote that press release, but deny any characterizations of that document, deny that  
7 the quotations are accurate, complete, and unedited, and respectfully refer the Court to the  
8 referenced document for its content.

9 465. The Independent Directors admit that the Pennsylvania Treasury office issued a  
10 press release on November 3, 2016, in which it announced certain actions with respect to Wells  
11 Fargo, and that Plaintiffs purport in paragraph 465 to paraphrase and quote that press release, but  
12 deny any characterizations of that document, deny that the quotations are accurate, complete, and  
13 unedited, and respectfully refer the Court to the referenced document for its content.

14 466. The Independent Directors admit that the California State Senate's Committee on  
15 Banking and Financial Institutions on November 28, 2016, held an oversight hearing, that Wells  
16 Fargo did not send a representative to that hearing, and that Plaintiffs purport in paragraph 466 to  
17 quote a background paper related to that hearing and certain statements by the Committee's  
18 chairman, but deny any characterizations of that document or those statements, deny that the  
19 quotations are accurate, complete, and unedited, and respectfully refer the Court to the referenced  
20 document and statements for their content. The Independent Directors deny the remaining  
21 allegations of paragraph 466.

22 467. The Independent Directors admit that the cities of Chicago, Seattle, and  
23 Sacramento have announced certain actions with respect to Wells Fargo. The Independent  
24 Directors are without knowledge or information sufficient to form a belief as to the truth of the  
25 remaining allegations of paragraph 467, and on that basis deny them.

26 468. To the extent the allegations contained in paragraph 468 constitute a legal  
27 conclusion, no responsive pleading is required. To the extent a response is required, the  
28 Independent Directors deny the remaining allegations of paragraph 468.

1           469. To the extent the allegations contained in paragraph 469 constitute a legal  
2 conclusion, no responsive pleading is required. To the extent a response is required, the  
3 Independent Directors admit that a consumer class action complaint was filed against Wells Fargo  
4 in the United States District Court for the District of Utah on September 16, 2016, and that  
5 Plaintiffs in paragraph 469 purport to paraphrase the complaint, but deny any characterizations of  
6 that action, and respectfully refer the Court to the referenced complaint for its content. The  
7 Independent Directors are without knowledge or information sufficient to form a belief as to the  
8 truth of the remaining allegations of paragraph 469, and on that basis deny them.

9           470. The Independent Directors admit that a putative shareholder class action complaint  
10 was filed against Wells Fargo in the United States District Court for the Northern District of  
11 California on September 29, 2016, and that Plaintiffs in paragraph 470 purport to paraphrase the  
12 complaint, but deny any characterizations of that action, and respectfully refer the Court to the  
13 referenced complaint for its content.

14           471. The Independent Directors admit that a class action complaint was filed against  
15 Wells Fargo in the United States District Court for the District of Minnesota on September 16,  
16 2016, and that Plaintiffs in paragraph 471 purport to paraphrase the complaint, but deny any  
17 characterizations of that action, and respectfully refer the Court to the referenced complaint for its  
18 content.

19           472. The Independent Directors admit that a class action complaint alleging violations of  
20 18 U.S.C. § 1961 was filed against Wells Fargo in the United States District Court for the  
21 Northern District of California, and that Plaintiffs in paragraph 472 purport to paraphrase the  
22 complaint, but deny any characterizations of that action, and respectfully refer the Court to the  
23 referenced complaint for its content.

24           473. The Independent Directors admit that the Department of Justice has undertaken  
25 formal or informal inquiries or investigations arising out of certain sales practices of the Company  
26 that were the subject of settlements with the OCC, CFPB, and Los Angeles City Attorney  
27 settlement, and that federal prosecutors have sought documents from Wells Fargo in connection  
28 with these inquiries or investigations. The Independent Directors are without knowledge or

1 information sufficient to form a belief as to the truth of the remaining allegations of paragraph  
2 473, and on that basis deny them.

3 474. The Independent Directors admit that the Company has incurred costs in  
4 connection with investigations of sales practices. The Independent Directors are without  
5 knowledge or information sufficient to form a belief as to the truth of the remaining allegations of  
6 paragraph 474, and on that basis deny them.

7 475. The Independent Directors admit that on September 27, 2016, , the Independent  
8 Directors announced that the Defendants John G. Stumpf and Carrie L. Tolstedt would forfeit \$41  
9 million and \$19 million, respectively, in outstanding unvested equity awards, and that Plaintiffs in  
10 paragraph 475 purport to quote a *Bloomberg* article regarding those forfeitures, but deny any  
11 characterizations of that document, deny that the quotations are accurate, complete, and unedited,  
12 and respectfully refer the Court to the referenced document for its content. The Independent  
13 Directors further admit that Mr. Stumpf testified before the House Committee on Financial  
14 Services on September 29, 2016. The Independent Directors deny the remaining allegations of  
15 paragraph 475.

16 476. To the extent the allegations contained in paragraph 476 constitute a legal  
17 conclusion, no responsive pleading is required. To the extent a response is required, the  
18 Independent Directors admit that Plaintiffs in paragraph 476 purport to quote a *Bloomberg* article  
19 regarding those forfeitures, but deny any characterizations of that document, deny that the  
20 quotations are accurate, complete, and unedited, and respectfully refer the Court to the referenced  
21 document for its content. The Independent Directors are without knowledge or information  
22 sufficient to form a belief as to the truth of the allegations of paragraph 476 relating to the  
23 compensation of Defendants John G. Stumpf and Carrie L. Tolstedt and the nature of the public  
24 reaction, and on that basis deny them. The Independent Directors deny the remaining allegations  
25 in paragraph 476.

26 477. To the extent the allegations contained in paragraph 477 constitute a legal  
27 conclusion, no responsive pleading is required. To the extent a response is required, the  
28 Independent Directors admit that Plaintiffs have not made a demand on the Board to institute this

1 action but deny the remaining allegations of paragraph 477.

2 478. To the extent the allegations contained in paragraph 478 constitute a legal  
3 conclusion, no responsive pleading is required. To the extent a response is required, the  
4 Independent Directors deny the allegations of paragraph 478.

5 479. To the extent the allegations contained in paragraph 479 constitute a legal  
6 conclusion, no responsive pleading is required. To the extent a response is required, the  
7 Independent Directors admit that Plaintiffs have not made a demand on the Board to institute this  
8 action but deny the remaining allegations of paragraph 479.

9 480. To the extent the allegations contained in paragraph 480 constitute a legal  
10 conclusion, no responsive pleading is required. To the extent a response is required, the  
11 Independent Directors deny the allegations of paragraph 480.

12 481. To the extent the allegations contained in paragraph 481 constitute a legal  
13 conclusion, no responsive pleading is required. To the extent a response is required, the  
14 Independent Directors deny the allegations of paragraph 481.

15 482. To the extent the allegations contained in paragraph 482 constitute a legal  
16 conclusion, no responsive pleading is required. To the extent a response is required, the  
17 Independent Directors deny the allegations of paragraph 482.

18 483. To the extent the allegations contained in paragraph 483 constitute a legal  
19 conclusion, no responsive pleading is required. To the extent a response is required, the  
20 Independent Directors deny the allegations of paragraph 483.

21 484. To the extent the allegations contained in paragraph 484 constitute a legal  
22 conclusion, no responsive pleading is required. To the extent a response is required, the  
23 Independent Directors deny the allegations of paragraph 484.

24 485. To the extent the allegations contained in paragraph 485 constitute a legal  
25 conclusion, no responsive pleading is required. To the extent a response is required, the  
26 Independent Directors understand that the OCC takes the position that its supervisory  
27 communications with Wells Fargo are privileged and confidential supervisory information (with  
28 the privilege owned and controlled by the OCC), and that no response is permitted or appropriate.

1 Accordingly, to the extent Plaintiffs purport in paragraph 485 to reference OCC communications,  
2 the Independent Directors respond to the allegations of paragraph 485 by stating that they lack  
3 knowledge or information sufficient to form a belief as to the truth of the allegations and on that  
4 basis deny them and refer to the referenced document for its content. The Independent Directors  
5 deny the remaining allegations of paragraph 485.

6 486. To the extent the allegations contained in paragraph 486 constitute a legal  
7 conclusion, no responsive pleading is required. To the extent a response is required, the  
8 Independent Directors deny the allegations of paragraph 486.

9 487. To the extent the allegations contained in paragraph 487 constitute a legal  
10 conclusion, no responsive pleading is required. To the extent a response is required, the  
11 Independent Directors admit that the referenced Wells Fargo directors served on the Audit and  
12 Examination Committee during all or part of the Relevant Period, as defined by the Complaint,  
13 and respectfully refer the Court to Wells Fargo's Audit and Examination Committee Charter for  
14 its content. The Independent Directors deny the remaining allegations of paragraph 487.

15 488. To the extent the allegations contained in paragraph 488 constitute a legal  
16 conclusion, no responsive pleading is required. To the extent a response is required, the  
17 Independent Directors deny the allegations of paragraph 488.

18 489. To the extent the allegations contained in paragraph 489 constitute a legal  
19 conclusion, no responsive pleading is required. To the extent a response is required, the  
20 Independent Directors deny the allegations of paragraph 489.

21 490. To the extent the allegations contained in paragraph 490 constitute a legal  
22 conclusion, no responsive pleading is required. To the extent a response is required, the  
23 Independent Directors admit that the referenced Wells Fargo directors served on the Risk  
24 Committee during all or part of the Relevant Period, as defined by the Complaint, and that  
25 Plaintiffs purport in paragraph 490 to quote Wells Fargo's Risk Committee Charter, but deny any  
26 characterizations of those quotations, deny that those quotations are accurate, complete, and  
27 unedited, and respectfully refer the Court to that document for its content. The Independent  
28 Directors understand that the OCC takes the position that its supervisory communications with

1 Wells Fargo are privileged and confidential supervisory information (with the privilege owned and  
2 controlled by the OCC), and that no response is permitted or appropriate. Accordingly, to the  
3 extent Plaintiffs purport in paragraph 490 to reference OCC communications, the Independent  
4 Directors respond to the allegations of paragraph 490 by stating that they lack knowledge or  
5 information sufficient to form a belief as to the truth of the allegations and on that basis deny them  
6 and refer to the referenced document for its content. The Independent Directors deny the  
7 remaining allegations of paragraph 490.

8 491. To the extent the allegations contained in paragraph 491 constitute a legal  
9 conclusion, no responsive pleading is required. To the extent a response is required, the  
10 Independent Directors admit that the referenced Wells Fargo directors served on the Risk  
11 Committee during all or part of the Relevant Period, as defined by the Complaint, and that  
12 Plaintiffs in paragraph 491 purport to paraphrase Wells Fargo's Corporate Responsibility  
13 Committee Charter, but deny any characterizations of that document and respectfully refer the  
14 Court to the document for its content. The Independent Directors further admit that Plaintiffs in  
15 paragraph 491 purport to quote a statement prepared for the September 20, 2016, Senate Banking  
16 Committee hearing, but deny any characterizations of the quoted statement and the attribution  
17 thereof, and deny that paragraph 491 contains an accurate, complete, and unedited quotation of the  
18 statement. The Independent Directors deny the remaining allegations in paragraph 491.

19 492. To the extent the allegations contained in paragraph 492 constitute a legal  
20 conclusion, no responsive pleading is required. To the extent a response is required, the  
21 Independent Directors admit that the referenced Wells Fargo directors served on the Human  
22 Resources Committee during all or part of the Relevant Period, as defined by the Complaint, and  
23 that Plaintiffs purport to paraphrase Wells Fargo's Human Resources Committee Charter, but deny  
24 any characterizations of that document and respectfully refer the Court to the document for its  
25 content. The Independent Directors deny the remaining allegations in paragraph 492.

26 493. To the extent the allegations contained in paragraph 493 constitute a legal  
27 conclusion, no responsive pleading is required. To the extent a response is required, the  
28 Independent Directors admit that the referenced Wells Fargo directors served on the Governance



1 and Nominating Committee during all or part of the Relevant Period, as defined by the Complaint,  
2 and that Plaintiffs purport in paragraph 493 to paraphrase Wells Fargo's Governance and  
3 Nominating Committee Charter, but deny any characterizations of that document and respectfully  
4 refer the Court to the document for its content. The Independent Directors deny the remaining  
5 allegations in paragraph 493.

6 494. To the extent the allegations contained in paragraph 494 constitute a legal  
7 conclusion, no responsive pleading is required. To the extent a response is required, the  
8 Independent Directors deny the allegations of paragraph 494.

9 495. To the extent the allegations contained in paragraph 495 constitute a legal  
10 conclusion, no responsive pleading is required. To the extent a response is required, the  
11 Independent Directors deny the allegations of paragraph 495.

12 496. To the extent the allegations contained in paragraph 496 constitute a legal  
13 conclusion, no responsive pleading is required. To the extent a response is required, the  
14 Independent Directors deny the allegations of paragraph 496.

15 497. To the extent the allegations contained in paragraph 497 constitute a legal  
16 conclusion, no responsive pleading is required. To the extent a response is required, the  
17 Independent Directors deny the allegations of paragraph 497.

18 498. To the extent the allegations contained in paragraph 498 constitute a legal  
19 conclusion, no responsive pleading is required. To the extent a response is required, the  
20 Independent Directors admit that Plaintiffs purport in paragraph 498 to quote from a transcript of a  
21 House Financial Services Committee hearing held on September 29, 2016, but deny any  
22 characterizations of the document, deny that paragraph 498 contains an accurate, complete, and  
23 unedited quotation of the transcript, and respectfully refer the Court to the referenced transcript for  
24 its content. The Independent Directors deny the remaining allegations of paragraph 498.

25 499. To the extent the allegations contained in paragraph 499 constitute a legal  
26 conclusion, no responsive pleading is required. To the extent a response is required, the  
27 Independent Directors admit that Plaintiffs purport in paragraph 499 to paraphrase a complaint  
28 filed in May 2015 by the Los Angeles City Attorney and respectfully refer the Court to that

1 complaint for its content. The Independent Directors deny the remaining allegations of paragraph  
2 499.

3 500. To the extent the allegations contained in paragraph 500 constitute a legal  
4 conclusion, no responsive pleading is required. To the extent a response is required, the  
5 Independent Directors deny the allegations of paragraph 500.

6 501. To the extent the allegations contained in paragraph 501 constitute a legal  
7 conclusion, no responsive pleading is required. To the extent a response is required, the  
8 Independent Directors deny the allegations of paragraph 501.

9 502. The Independent Directors understand that the OCC takes the position that its  
10 supervisory communications with Wells Fargo are privileged and confidential supervisory  
11 information (with the privilege owned and controlled by the OCC), and that no response is  
12 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
13 paragraph 502 relating to the OCC by stating that they lack knowledge or information sufficient to  
14 form a belief as to the truth of the allegations and on that basis deny them and refer to the  
15 referenced documents for their content. The Independent Directors are without knowledge or  
16 information sufficient to form a belief as to the truth of the remaining allegations of paragraph 502  
17 and on that basis deny them.

18 503. The Independent Directors understand that the OCC takes the position that its  
19 supervisory communications with Wells Fargo are privileged and confidential supervisory  
20 information (with the privilege owned and controlled by the OCC), and that no response is  
21 permitted or appropriate. Accordingly, the Independent Directors respond to the allegations of  
22 paragraph 503 by stating that they lack knowledge or information sufficient to form a belief as to  
23 the truth of the allegations and on that basis deny them and refer to the referenced document for its  
24 content.

25 504. The Independent Directors deny the allegations of paragraph 504.

26 505. To the extent the allegations contained in paragraph 505 constitute a legal  
27 conclusion, no responsive pleading is required. To the extent a response is required, the  
28 Independent Directors deny the allegations of paragraph 505.

1           506. To the extent the allegations contained in paragraph 506 constitute a legal  
2 conclusion, no responsive pleading is required. To the extent a response is required, the  
3 Independent Directors deny the allegations of paragraph 506.

4           507. To the extent the allegations contained in paragraph 507 constitute a legal  
5 conclusion, no responsive pleading is required. To the extent a response is required, the  
6 Independent Directors deny the allegations of paragraph 507.

7           508. The Independent Directors deny the allegations of paragraph 508.

8           509. To the extent the allegations contained in paragraph 509 constitute a legal  
9 conclusion, no responsive pleading is required. To the extent a response is required, the  
10 Independent Directors deny the allegations of paragraph 509.

11           510. To the extent the allegations contained in paragraph 510 constitute a legal  
12 conclusion, no responsive pleading is required. To the extent a response is required, the  
13 Independent Directors deny the allegations of paragraph 510.

14           511. To the extent the allegations contained in paragraph 511 constitute a legal  
15 conclusion, no responsive pleading is required. To the extent a response is required, the  
16 Independent Directors deny the allegations of paragraph 511.

17           512. To the extent the allegations contained in paragraph 512 constitute a legal  
18 conclusion, no responsive pleading is required. To the extent a response is required, the  
19 Independent Directors deny the allegations of paragraph 512.

20           513. The Independent Directors admit that the referenced Wells Fargo directors served  
21 on the Human Resources Committee during all or part of the Relevant Period, as defined by the  
22 Complaint, and respectfully refer the Court to Wells Fargo's Human Resources Committee  
23 Charter, which Plaintiffs purport to paraphrase in paragraph 513, for its content. The Independent  
24 Directors deny the remaining allegations of paragraph 513.

25           514. To the extent the allegations contained in paragraph 514 constitute a legal  
26 conclusion, no responsive pleading is required. To the extent a response is required, the  
27 Independent Directors admit that certain defendants' compensation was tied in part to Wells  
28 Fargo's financial success but deny the remaining allegations of paragraph 514.

1           515. The Independent Directors admit that Plaintiffs purport in paragraph 515 to quote  
2 or paraphrase Wells Fargo's 2015 Annual Proxy Statement and the Human Resources Committee  
3 Charter, but deny any characterizations of the those documents, deny that paragraph 515 contains  
4 an accurate, complete, and unedited quotation of the 2015 Proxy Statement, and respectfully refer  
5 the Court to the documents for their content. The Independent Directors deny the remaining  
6 allegations of paragraph 515.

7           516. To the extent the allegations contained in paragraph 516 constitute a legal  
8 conclusion, no responsive pleading is required. To the extent a response is required, the  
9 Independent Directors admit that they announced on September 27, 2016, that the Board had  
10 determined that Wells Fargo would cause to be forfeited unvested equity awards to Defendants  
11 John G. Stumpf and Carrie L. Tolstedt, in the approximate amounts of \$41 million and \$19  
12 million, respectively. The Independent Directors further admit that Mr. Stumpf testified before the  
13 Senate Banking Committee on September 20, 2016, and before the House Financial Services  
14 Committee on September 29, 2016, and that Plaintiffs purport to quote or paraphrase the  
15 transcripts of those hearings, unidentified analyst notes, and a Wells Fargo press release dated  
16 September 28, 2016, and respectfully refer the Court to those documents for their content. The  
17 Independent Directors deny the remaining allegations of paragraph 516.

18           517. To the extent the allegations contained in paragraph 517 constitute a legal  
19 conclusion, no responsive pleading is required. To the extent a response is required, the  
20 Independent Directors deny the allegations of paragraph 517.

21           518. The Independent Directors deny the allegations of paragraph 518.

22           519. The Independent Directors admit that Plaintiffs purport in paragraph 519 to quote  
23 from a transcript of a May 19, 2015, Barclays Americas Select Conference, but deny any  
24 characterizations of the quoted statement, deny that paragraph 519 contains an accurate, complete,  
25 and unedited quotation of the transcript, deny the emphasis placed on certain portions of the  
26 quoted language in paragraph 519, and respectfully refer the Court to the transcript for its content.

27           520. The Independent Directors admit that Plaintiffs purport in paragraph 520 to quote  
28 from a transcript of a May 29, 2015, Sanford C. Bernstein Strategic Decisions Conference, but

1 deny any characterizations of the quoted statement, deny that paragraph 520 contains an accurate,  
2 complete, and unedited quotation of the transcript, deny the emphasis placed on certain portions of  
3 the quoted language in paragraph 520, and respectfully refer the Court to the transcript for its  
4 content. The Independent Directors deny the remaining allegations of paragraph 520.

5 521. The Independent Directors deny the allegations of paragraph 521.

6 522. To the extent the allegations contained in paragraph 522 constitute a legal  
7 conclusion, no responsive pleading is required. To the extent a response is required, the  
8 Independent Directors deny the allegations of paragraph 522.

9 523. To the extent the allegations contained in paragraph 523 constitute a legal  
10 conclusion, no responsive pleading is required. To the extent a response is required, the  
11 Independent Directors deny the allegations of paragraph 523.

12 524. The Independent Directors incorporate by reference their responses to paragraphs 1  
13 through 523, above.

14 525. Because the allegations contained in paragraph 525 constitute a legal conclusion,  
15 no responsive pleading is required.

16 526. To the extent the allegations contained in paragraph 526 constitute a legal  
17 conclusion, no responsive pleading is required. To the extent a response is required, the  
18 Independent Directors deny the allegations of paragraph 526.

19 527. To the extent the allegations contained in paragraph 527 constitute a legal  
20 conclusion, no responsive pleading is required. To the extent a response is required, the  
21 Independent Directors deny the allegations of paragraph 527.

22 528. To the extent the allegations contained in paragraph 528 constitute a legal  
23 conclusion, no responsive pleading is required. To the extent a response is required, the  
24 Independent Directors deny the allegations of paragraph 528.

25 529. To the extent the allegations contained in paragraph 529 constitute a legal  
26 conclusion, no responsive pleading is required. To the extent a response is required, the  
27 Independent Directors deny the allegations of paragraph 529.

28 530. To the extent the allegations contained in paragraph 530 constitute a legal

1 conclusion, no responsive pleading is required. To the extent a response is required, the  
2 Independent Directors deny the allegations of paragraph 530.

3 531. To the extent the allegations contained in paragraph 531 constitute a legal  
4 conclusion, no responsive pleading is required. To the extent a response is required, the  
5 Independent Directors admit that Plaintiffs in paragraph 531 purport to paraphrase Wells Fargo's  
6 Code of Conduct and various committee charters, respectfully refer the Court to those documents  
7 for their content, and otherwise deny the allegations of paragraph 531.

8 532. To the extent the allegations contained in paragraph 532 constitute a legal  
9 conclusion, no responsive pleading is required. To the extent a response is required, the  
10 Independent Directors deny the allegations of paragraph 532.

11 533. To the extent the allegations contained in paragraph 533 constitute a legal  
12 conclusion, no responsive pleading is required. To the extent a response is required, the  
13 Independent Directors admit that Wells Fargo's certificate of incorporation contains a provision  
14 pursuant to 8 Del. C. § 102(b)(7) and that Plaintiffs purport to characterize that provision, but deny  
15 any characterizations of the provision, deny that the quotations are accurate, complete, and  
16 unedited, and respectfully refer the Court to the certificate of incorporation and 8 Del. C.  
17 § 102(b)(7) for their content. The Independent Directors deny the remaining allegations of  
18 paragraph 533.

19 534. To the extent the allegations contained in paragraph 534 constitute a legal  
20 conclusion, no responsive pleading is required. To the extent a response is required, the  
21 Independent Directors deny the allegations of paragraph 534.

22 535. Because the allegations contained in paragraph 535 constitute a legal conclusion,  
23 no responsive pleading is required.

24 536. To the extent the allegations contained in paragraph 536 constitute a legal  
25 conclusion, no responsive pleading is required. To the extent a response is required, the  
26 Independent Directors deny the allegations of paragraph 536.

27 537. To the extent the allegations contained in paragraph 537 constitute a legal  
28 conclusion, no responsive pleading is required. To the extent a response is required, the

1 Independent Directors deny the allegations of paragraph 537.

2 538. The Independent Directors incorporate by reference their responses to paragraphs 1  
3 through 537, above.

4 539. To the extent the allegations contained in paragraph 539 constitute a legal  
5 conclusion, no responsive pleading is required. To the extent a response is required, the  
6 Independent Directors deny the allegations of paragraph 539.

7 540. To the extent Plaintiffs in paragraph 540 purport to characterize their claim and the  
8 relief they seek, no responsive pleading is required. To the extent the allegations contained in  
9 paragraph 540 constitute a legal conclusion, no responsive pleading is required. To the extent a  
10 response is required, the Independent Directors deny the allegations of paragraph 540.

11 541. The Independent Directors have no obligation to respond to this allegation because  
12 Count III is not alleged against them.

13 542. The Independent Directors have no obligation to respond to this allegation because  
14 Count III is not alleged against them.

15 543. The Independent Directors have no obligation to respond to this allegation because  
16 Count III is not alleged against them.

17 544. The Independent Directors have no obligation to respond to this allegation because  
18 Count III is not alleged against them.

19 545. The Independent Directors have no obligation to respond to this allegation because  
20 Count III is not alleged against them.

21 546. To the extent Plaintiffs in paragraph 546 purport to characterize their claim and the  
22 relief they seek, no responsive pleading is required. To the extent the allegations contained in  
23 paragraph 546 constitute a legal conclusion, no responsive pleading is required. To the extent a  
24 response is required, the Independent Directors incorporate by reference their responses to  
25 paragraphs 1 through 545, above.

26 547. To the extent the allegations contained in paragraph 547 constitute a legal  
27 conclusion, no responsive pleading is required. To the extent a response is required, the  
28 Independent Directors admit that Plaintiffs purport in paragraph 547 to quote SEC Rule 14a-9,



1 respectfully refer the Court to the cited rule for its content.

2           548. To the extent the allegations contained in paragraph 548 constitute a legal  
3 conclusion, no responsive pleading is required. To the extent a response is required, the  
4 Independent Directors admit that Plaintiffs in paragraph 548 purport to paraphrase Wells Fargo's  
5 2014, 2015, and 2016 Annual Proxy Statements, and respectfully refer the Court to those  
6 documents for their content. The Independent Directors deny the remaining allegations of  
7 paragraph 548.

8           549. To the extent the allegations contained in paragraph 549 constitute a legal  
9 conclusion, no responsive pleading is required. To the extent a response is required, the  
10 Independent Directors deny the allegations of paragraph 549.

11           550. To the extent Plaintiffs in paragraph 550 purport to characterize their claim and the  
12 relief they seek, no responsive pleading is required. To the extent the allegations contained in  
13 paragraph 550 constitute a legal conclusion, no responsive pleading is required. To the extent a  
14 response is required, the Independent Directors deny the allegations of paragraph 550.

15           551. To the extent the allegations contained in paragraph 551 constitute a legal  
16 conclusion, no responsive pleading is required. To the extent a response is required, the  
17 Independent Directors deny the allegations of paragraph 551.

18           552. The Independent Directors incorporate by reference their responses to paragraphs 1  
19 through 551, above.

20           553. To the extent the allegations contained in paragraph 553 constitute a legal  
21 conclusion, no responsive pleading is required. To the extent a response is required, the  
22 Independent Directors deny the allegations of paragraph 553.

23           554. To the extent the allegations contained in paragraph 554 constitute a legal  
24 conclusion, no responsive pleading is required. To the extent a response is required, the  
25 Independent Directors deny the allegations of paragraph 554.

26           555. To the extent the allegations contained in paragraph 555 constitute a legal  
27 conclusion, no responsive pleading is required. To the extent a response is required, the  
28 Independent Directors deny the allegations of paragraph 555.

1           556. To the extent the allegations contained in paragraph 556 constitute a legal  
2 conclusion, no responsive pleading is required. To the extent a response is required, the  
3 Independent Directors deny the allegations of paragraph 556.

4           557. To the extent the allegations contained in paragraph 557 constitute a legal  
5 conclusion, no responsive pleading is required. To the extent a response is required, the  
6 Independent Directors admit that they were directors of the Company during all or part of the  
7 Relevant Period, as defined in the Complaint, and deny the remaining allegations of paragraph  
8 557.

9           558. To the extent the allegations contained in paragraph 558 constitute a legal  
10 conclusion, no responsive pleading is required. To the extent a response is required, the  
11 Independent Directors deny the allegations of paragraph 558.

12           559. To the extent the allegations contained in paragraph 559 constitute a legal  
13 conclusion, no responsive pleading is required. To the extent a response is required, the  
14 Independent Directors deny the allegations of paragraph 559.

15           560. To the extent the allegations contained in paragraph 560 constitute a legal  
16 conclusion, no responsive pleading is required. To the extent a response is required, the  
17 Independent Directors deny the allegations of paragraph 560.

18           561. To the extent the allegations contained in paragraph 561 constitute a legal  
19 conclusion, no responsive pleading is required. To the extent a response is required, the  
20 Independent Directors deny the allegations of paragraph 561.

21           562. To the extent the allegations contained in paragraph 562 constitute a legal  
22 conclusion, no responsive pleading is required. To the extent a response is required, the  
23 Independent Directors deny the allegations of paragraph 562.

24           563. The Independent Directors have no obligation to respond to this allegation because  
25 Count VI is not alleged against them.

26           564. The Independent Directors have no obligation to respond to this allegation because  
27 Count VI is not alleged against them.

28           565. The Independent Directors have no obligation to respond to this allegation because

Count VI is not alleged against them.

566. The Independent Directors have no obligation to respond to this allegation because Count VI is not alleged against them.

567. The Independent Directors have no obligation to respond to this allegation because Count VI is not alleged against them.

568. The Independent Directors have no obligation to respond to this allegation because Count VI is not alleged against them.

569. The Independent Directors incorporate by reference their responses to paragraphs 1 through 568, above.

570. To the extent the allegations contained in paragraph 570 constitute a legal conclusion, no responsive pleading is required. To the extent a response is required, the Independent Directors deny the allegations of paragraph 570

571. To the extent Plaintiffs purport in paragraph 571 to characterize Wells Fargo's clawback policy, the Independent Directors respectfully refer the Court to the policy for its content. The Independent Directors are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 571, and on that basis deny them.

572. The Independent Directors are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 572, and on that basis deny them.

573. To the extent the allegations contained in paragraph 573 constitute a legal conclusion, no responsive pleading is required. To the extent a response is required, the Independent Directors admit that Plaintiffs purport to paraphrase Section 29(b) of the Exchange Act, and respectfully refer the Court to that provision for its content.

574. To the extent the allegations contained in paragraph 574 constitute a legal conclusion, no responsive pleading is required. To the extent a response is required, the Independent Directors deny the allegations of paragraph 574.

575. To the extent the allegations contained in paragraph 575 constitute a legal conclusion, no responsive pleading is required. To the extent a response is required, the Independent Directors deny the allegations of paragraph 575.

1           576. To the extent Plaintiffs purport to characterize their claim and the relief they seek,  
2 no responsive pleading is required. To the extent the allegations contained in paragraph 576  
3 constitute a legal conclusion, no responsive pleading is required. To the extent a response is  
4 required, the Independent Directors deny the allegations of paragraph 576.

5           577. To the extent Plaintiffs purport to characterize their claim and the relief they seek,  
6 no responsive pleading is required. To the extent the allegations contained in paragraph 577  
7 constitute a legal conclusion, no responsive pleading is required. To the extent a response is  
8 required, the Independent Directors deny the allegations of paragraph 577.

9           578. To the extent Plaintiffs purport to characterize their claim and the relief they seek,  
10 no responsive pleading is required. To the extent the allegations contained in paragraph 578  
11 constitute a legal conclusion, no responsive pleading is required. To the extent a response is  
12 required, the Independent Directors deny the allegations of paragraph 578.

13           579. The Independent Directors have no obligation to respond to this allegation because  
14 Count VIII is not alleged against them.

15           580. The Independent Directors have no obligation to respond to this allegation because  
16 Count VIII is not alleged against them.

17           581. The Independent Directors have no obligation to respond to this allegation because  
18 Count VIII is not alleged against them.

19           582. The Independent Directors have no obligation to respond to this allegation because  
20 Count VIII is not alleged against them.

21           583. The Independent Directors have no obligation to respond to this allegation because  
22 Count VIII is not alleged against them.

23           584. The Independent Directors incorporate by reference their responses to paragraphs 1  
24 through 583, above.

25           585. To the extent the allegations contained in paragraph 585 constitute a legal  
26 conclusion, no responsive pleading is required. To the extent a response is required, the  
27 Independent Directors deny the allegations of paragraph 585.

28           586. To the extent the allegations contained in paragraph 586 constitute a legal

1 conclusion, no responsive pleading is required. To the extent a response is required, the  
2 Independent Directors deny the allegations of paragraph 586.

3 587. To the extent the allegations contained in paragraph 587 constitute a legal  
4 conclusion, no responsive pleading is required. To the extent a response is required, the  
5 Independent Directors deny the allegations of paragraph 587.

6 588. To the extent the allegations contained in paragraph 588 constitute a legal  
7 conclusion, no responsive pleading is required. To the extent a response is required, the  
8 Independent Directors deny the allegations of paragraph 588.

9 589. The Independent Directors incorporate by reference their responses to paragraphs 1  
10 through 588, above.

11 590. To the extent the allegations contained in paragraph 590 constitute a legal  
12 conclusion, no responsive pleading is required. To the extent a response is required, the  
13 Independent Directors deny the allegations of paragraph 590.

14 591. To the extent the allegations contained in paragraph 591 constitute a legal  
15 conclusion, no responsive pleading is required. To the extent a response is required, the  
16 Independent Directors deny the allegations of paragraph 591.

17 592. To the extent the allegations contained in paragraph 592 constitute a legal  
18 conclusion, no responsive pleading is required. To the extent a response is required, the  
19 Independent Directors deny the allegations of paragraph 592.

20 593. The Independent Directors have no obligation to respond to this allegation because  
21 Count XI is not alleged against them.

22 594. The Independent Directors have no obligation to respond to this allegation because  
23 Count XI is not alleged against them.

24 595. The Independent Directors have no obligation to respond to this allegation because  
25 Count XI is not alleged against them.

26 596. The Independent Directors have no obligation to respond to this allegation because  
27 Count XI is not alleged against them.  
28

**AFFIRMATIVE DEFENSES**

The Independent Directors set forth below their affirmative defenses. Each defense is asserted as to all causes of action alleged against any of the Independent Directors. By setting forth these affirmative defenses, the Independent Directors do not assume the burden of proving any fact, issue or element of a claim where such burden properly belongs to Plaintiffs.

As separate affirmative defenses, the Independent Directors allege as follows:

**FIRST AFFIRMATIVE DEFENSE****(Demand Not Futile)**

Plaintiffs' claims are barred, in whole or in part, because Plaintiffs did not make a demand on the Board and demand was not excused as futile. A majority of the members of the Board as of the date the complaint was filed are independent and disinterested and do not face a substantial likelihood of liability with respect to the claims asserted in this action.

**SECOND AFFIRMATIVE DEFENSE****(Reasonable Investigation)**

Plaintiffs' claims are barred, in whole or in part, because the Board conducted a reasonable, good-faith investigation under Delaware law and the conclusions reached are therefore protected under the business judgment rule and binding on all shareholders.

**THIRD AFFIRMATIVE DEFENSE****(Section 102(b)(7) Exculpatory Clause)**

Plaintiffs' claims are barred, in whole or in part, by Delaware General Corporation Law § 102(b)(7), by California Corporations Code § 204(a)(10), by Wells Fargo's bylaws and certificate of incorporation, and by other provisions of applicable law relating to the liabilities of directors of a Delaware corporation.

**FOURTH AFFIRMATIVE DEFENSE****(Good Faith)**

Plaintiffs' claims are barred, in whole or in part, because at all times mentioned in the Complaint and with respect to all matters therein contained, the Independent Directors acted in good faith with respect to all conduct alleged in the Complaint.

**FIFTH AFFIRMATIVE DEFENSE****(Business Judgment Rule)**

Plaintiffs' claims are barred, in whole or in part, because the Independent Directors' actions were at all times a valid exercise of business judgment.

**SIXTH AFFIRMATIVE DEFENSE****(Proper Role of Independent Directors)**

Plaintiffs' claims are barred, in whole or in part, because the Independent Directors appropriately performed their responsibilities as non-management directors and inquired and received reports from management that it was responding to and addressing sales practice issues by, among other things, increasing monitoring and oversight, terminating employees who had engaged in misconduct, retaining experts and consultants for assistance, and modifying internal practices to reduce unwarranted behaviors.

**SEVENTH AFFIRMATIVE DEFENSE****(Reliance on Records, Management, and Experts)**

Plaintiffs' claims are barred, in whole or in part, because the Independent Directors reasonably and in good faith relied on the records of the Company; on information, opinions, reports, or statements presented by the Company's officers or other employees; and on advice of experts.

**EIGHTH AFFIRMATIVE DEFENSE****(Reliance on Existing System of Controls)**

Plaintiffs' claims are barred, in whole or in part, because the Independent Directors reasonably and in good faith relied on a system of controls that was audited and about which they received information from the Company's officers or other employees, and from experts.

**NINTH AFFIRMATIVE DEFENSE****(Prior Knowledge)**

Plaintiffs' claims are barred, in whole or in part, because the Company had actual or constructive knowledge of all of the alleged omissions and misstatements, if any, and, therefore, the Independent Directors are not subject to liability.



**TENTH AFFIRMATIVE DEFENSE****(Lack of Reliance)**

Plaintiffs' claims are barred, in whole or in part, because the Company did not rely on any statements or omissions by the Independent Directors, and the Company at all times had superior knowledge to the Independent Directors.

**ELEVENTH AFFIRMATIVE DEFENSE****(Statutory Securities Defenses)**

Plaintiffs' claims are barred, in whole or in part, because the Complaint fails to meet the requirements of Federal Rule of Civil Procedure 9(b) and the Private Securities Litigation Reform Act, 15 U.S.C. § 78u-5 ("PSLRA").

**TWELFTH AFFIRMATIVE DEFENSE****(Bespoke Caution or Forward-Looking Statements)**

Plaintiffs' claims are barred, in whole or in part, because some or all of the alleged public disclosures bespoke caution or were forward-looking statements.

**THIRTEENTH AFFIRMATIVE DEFENSE****(Statute of Limitations)**

Plaintiffs' claims are barred, in whole or in part, by the applicable statutes of limitation and other applicable periods of repose.

**FOURTEENTH AFFIRMATIVE DEFENSE****(Laches)**

Each cause of action is barred in whole or in part by the doctrine of laches. On information and belief, Plaintiffs had full knowledge of the allegedly wrongful acts that they challenge in the Complaint at (or soon after) the times at which they purportedly occurred. Plaintiffs then stood by for an unreasonable length of time without taking steps to set aside the acts or otherwise intervene on behalf of Wells Fargo, thereby intentionally relinquishing the right to do so.

**FIFTEENTH AFFIRMATIVE DEFENSE****(No Duty)**

Plaintiffs' claims are barred, in whole or in part, because the Independent Directors did not misrepresent any alleged fact or omit any alleged fact that they were under a duty to disclose, or fail to take any action that they were under a duty to take.

**SIXTEENTH AFFIRMATIVE DEFENSE****(No Breach of Duty Through Actions)**

Plaintiffs' claims are barred, in whole or in part, because the actions (or lack of action) alleged in the Complaint, if true, were reasonable based on the information known to the Independent Directors at all relevant times, as provided by the Company's officers and other employees. At all relevant times the Independent Directors acted without intent to harm and without recklessness, and the Independent Directors believed, at the time the actions (or lack of action) alleged in the Complaint were taken (if at all), that those actions were correct and appropriate.

**SEVENTEENTH AFFIRMATIVE DEFENSE****(No Breach of Duty Through Statements or Omissions)**

Plaintiffs' claims are barred, in whole or in part, because the statements alleged in the Complaint, if any were in fact made, did not contain untrue material facts and all statements alleged to have been made (if any) had a reasonable basis in fact and were immaterial. At all relevant times the Independent Directors acted without intent to defraud and without recklessness, and the Independent Directors believed, at the time the statements alleged in the Complaint were made (if at all), that those statements were correct and not misleadingly incomplete.

**EIGHTEENTH AFFIRMATIVE DEFENSE****(No Scierter)**

Plaintiffs' claims are barred, in whole or in part, because the Independent Directors did not act with the requisite scierter. The Independent Directors had, based on reasonable and diligent oversight, reasonable grounds to believe, and did believe, at the time public statements were made that those statements were true and that there were no misstatements of material fact or omissions

of material fact that were necessary to make the statements therein not misleading, nor could the Independent Directors have become aware of any misstatements of material fact or omissions of material fact in the exercise of reasonable care.

**NINETEENTH AFFIRMATIVE DEFENSE**

**(No Loss Causation)**

Plaintiffs' claims are barred, in whole or in part, because the alleged losses were not actually or proximately caused by the Independent Directors or any alleged misstatement or omission. Plaintiffs' claims against the Independent Directors are barred in whole or in part because of the lack of loss causation.

**TWENTIETH AFFIRMATIVE DEFENSE**

**(No Causation)**

Plaintiffs' claims are barred, in whole or in part, because the alleged actions or inaction on the part of the Independent Directors were not the cause of any alleged injury or loss suffered by Wells Fargo, and any such alleged damages or other injuries were caused solely by the acts or omissions of others over which the Independent Directors had no control.

**TWENTY-FIRST AFFIRMATIVE DEFENSE**

**(Ratification, Acquiescence, Waiver, and Estoppel)**

Plaintiffs' claims are barred, in whole or in part, by the doctrines of ratification, acquiescence, waiver, and/or estoppel.

**TWENTY-SECOND AFFIRMATIVE DEFENSE**

**(Inequitable Conduct and Unclean Hands)**

Plaintiffs' claims are barred, in whole or in part, by the doctrines of inequitable conduct and/or unclean hands.

**TWENTY-THIRD AFFIRMATIVE DEFENSE**

**(*In Pari Delicto*)**

Without the Independent Directors conceding that they have acted wrongly or negligently, or that any act of the Independent Directors caused harm to Wells Fargo, Plaintiffs' claims are barred, in whole or in part, by the doctrine of *in pari delicto*.

**TWENTY-FOURTH AFFIRMATIVE DEFENSE**

**(Lack of Ownership)**

Plaintiffs' claims are barred, in whole or in part, by Delaware General Corporation Law § 327, by California Corporations Code § 800(b)(1), and by other provisions of applicable law relating to derivative actions.

**TWENTY-FIFTH AFFIRMATIVE DEFENSE**

**(Group Pleading)**

Plaintiffs' claims are barred, in whole or in part, because the Independent Directors cannot be held liable under the group pleading doctrine.

**TWENTY-SIXTH AFFIRMATIVE DEFENSE**

**(No Injunctive Relief)**

To the extent Plaintiffs purport to request injunctive relief, any such claim is barred because Plaintiffs have an adequate remedy at law.

**TWENTY-SEVENTH AFFIRMATIVE DEFENSE**

**(No Entitlement to Fees)**

Plaintiffs are not entitled to recover attorneys' fees, experts' fees, or other costs and disbursements.

**TWENTY-EIGHTH AFFIRMATIVE DEFENSE**

**(Failure to Mitigate Damages)**

As to each cause of action, without admitting that Wells Fargo was injured in any way or is entitled to any damages, the Complaint fails to allege facts that establish Wells Fargo mitigated its alleged injuries.

**TWENTY-NINTH AFFIRMATIVE DEFENSE**

**(Speculative Damages)**

As to each cause of action, the alleged damages, if any, are speculative and because of the impossibility of the ascertainment and allocation of the alleged damages.

**THIRTIETH AFFIRMATIVE DEFENSE**

**(Setoff / Offsetting Benefit Doctrine)**

To the extent that the Independent Directors' alleged conduct damaged Wells Fargo in any manner, that amount of damages, if any, must be offset against the value of the benefits the Independent Directors' alleged conduct conferred on Wells Fargo.

**THIRTY-FIRST AFFIRMATIVE DEFENSE**

The Independent Directors adopt by reference any defense pled by any other defendant not expressly set forth herein to the extent applicable to the Independent Directors.

**THIRTY-SECOND AFFIRMATIVE DEFENSE**

The Independent Directors reserve the right to assert such other additional defenses as may be appropriate at a later time.

**PRAYER FOR RELIEF**

WHEREFORE, the Independent Directors pray for relief and judgment as set forth below.

1. For judgment in their favor;
2. That Plaintiffs take nothing by means of their Complaint;
3. That Defendants be awarded costs to the maximum extent allowable by law; and
4. For such other further relief as the Court deems just and proper.

**JURY DEMAND**

A jury trial is demanded for all issues so triable.

Dated: January 8, 2018

SHEARMAN & STERLING LLP

By: Jaculin Aaron  
Jaculin Aaron

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